

**JFK MEDICAL CENTER CHARTER
SCHOOL, INC.**

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

JFK MEDICAL CENTER CHARTER SCHOOL, INC.

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Independent Auditors' Report

To the Board of Directors
JFK Medical Center Charter School, Inc.

We have audited the accompanying basic financial statements of JFK Medical Center Charter School, Inc. (a non-profit organization), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the School'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 the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America and *Chapter 10.850, Rules of the Auditor General, State of Florida*. 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 JFK Medical Center Charter School, Inc. as of June 30, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 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 and budgetary comparison information on pages 2-3 and 12-13, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Templeton & Company, LLP

West Palm Beach, Florida
August 28, 2008

JFK MEDICAL CENTER CHARTER SCHOOL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JFK Medical Center Charter School, Inc. (the School) is a non-profit organization that operates a public charter school in Palm Beach County, Florida, under the sponsorship of the School District of Palm Beach County (the District).

Our discussion and analysis of the School's financial performance provides an overview of the School's activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the School's financial statements, which begin on Page 4.

Overview of financial statements presented

This management's discussion and analysis introduces the School's basic financial statements as of and for the fiscal year ended June 30, 2008. The basic financial statements include government-wide financial statements, governmental fund financial statements and the related notes to the financial statements.

Government-wide financial statements

The School's government-wide financial statements use a format similar to that of a commercial enterprise and are prepared on the accrual basis of accounting. The statement of net assets presents all of the School's assets and liabilities with the difference reported as net assets. Over time increases or decreases in net assets represent an indicator of the financial health of the School. The statement of activities reports the School's revenues and expenses for the fiscal year and includes the sources of the various School revenues.

Government fund financial statements

Governmental funds are reported in the fund financial statements and include essentially the same activities as in the government-wide financial statements. The focus of the governmental fund financial statements is to provide a view of the School's government funds in order to help the user to evaluate the annual financing requirements of governmental programs and the commitment of expendable resources in the near term. The governmental funds include the general fund and capital projects fund. For the School, the primary difference from the government-wide financial statements is the exclusion of fixed assets and the related depreciation expense.

Financial highlights

The financial highlights for the fiscal year ended June 30, 2008 are as follows:

- The School's total assets at June 30, 2008 exceed its liabilities by \$149,068, representing the School's net investment in capital assets. This is an increase of \$18,170 from the net investment in capital assets of \$130,898 at June 30, 2007.
- The School's revenues from full-time equivalent students decreased to \$2,650,921 for the year ended June 30, 2008 from \$2,716,553 for the year ended June 30, 2007 as a result of a decrease in the number of students during 2008.
- The School's capital outlay revenue decreased from \$315,736 for the year ended June 30, 2007 to \$267,178 for the year ended June 30, 2008 as a result of a decrease in funding from the Palm Beach County School Board.
- Instruction expenses decreased to \$1,736,126 during the year ended June 30, 2008 from \$1,968,135 for the year ended June 30, 2007 primarily due to decreases in instructional payroll.

JFK MEDICAL CENTER CHARTER SCHOOL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Financial highlights, continued

- Rent – Bright Horizons decreased by \$5,566 for the year ended June 30, 2008 as less funds from operations were available for the payment of rent under the terms of the School's lease with Bright Horizons.

Condensed financial information

Condensed government - wide financial information is presented below:

	Net Assets at June 30,					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current assets	\$ 468,218	\$ 491,503	\$ -	\$ -	\$ 468,218	\$ 491,503
Capital assets, net	<u>149,068</u>	<u>188,898</u>	<u>-</u>	<u>-</u>	<u>149,068</u>	<u>188,898</u>
Total assets	<u>617,286</u>	<u>622,401</u>	<u>-</u>	<u>-</u>	<u>617,286</u>	<u>622,401</u>
Liabilities	<u>468,218</u>	<u>491,503</u>	<u>-</u>	<u>-</u>	<u>468,218</u>	<u>491,503</u>
Total net assets	<u>\$ 149,068</u>	<u>\$ 130,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,068</u>	<u>\$ 130,898</u>

Changes in Net Assets for the Year Ended June 30,

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2006</u>	<u>2008</u>	<u>2007</u>
	Revenues:					
FEFP fees	\$ 2,650,921	\$ 2,716,553	\$ -	\$ -	\$ 2,650,921	\$ 2,716,553
Other	<u>1,073,079</u>	<u>990,630</u>	<u>-</u>	<u>-</u>	<u>1,073,079</u>	<u>990,630</u>
Total revenues	<u>3,724,000</u>	<u>3,707,183</u>	<u>-</u>	<u>-</u>	<u>3,724,000</u>	<u>3,707,183</u>
Program expenses:						
Instruction	1,736,126	1,968,135			1,736,126	1,968,135
Rent – Bright Horizons	468,145	473,711			468,145	473,711
Other	<u>1,501,559</u>	<u>1,322,637</u>	<u>-</u>	<u>-</u>	<u>1,501,559</u>	<u>1,322,637</u>
Total expenses	<u>3,705,830</u>	<u>3,764,483</u>	<u>-</u>	<u>-</u>	<u>3,705,830</u>	<u>3,764,483</u>
Increase (decrease) in net assets	<u>\$ 18,170</u>	<u>\$ (57,300)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,170</u>	<u>\$ (57,300)</u>

JFK MEDICAL CENTER CHARTER SCHOOL, INC.

STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 468,218	\$ -	\$ 468,218
Property and equipment:			
Furniture, fixtures and equipment	553,670	-	553,670
Less: accumulated depreciation	<u>404,602</u>	<u>-</u>	<u>404,602</u>
Property and equipment, net	<u>149,068</u>	<u>-</u>	<u>149,068</u>
Total assets	<u>617,286</u>	<u>-</u>	<u>617,286</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	<u>468,218</u>	<u>-</u>	<u>468,218</u>
NET ASSETS			
Invested in capital assets	149,068	-	149,068
Unrestricted net assets	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ 149,068</u>	<u>\$ -</u>	<u>\$ 149,068</u>

See accompanying notes to financial statements.

JFK MEDICAL CENTER CHARTER SCHOOL, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental activities:							
Instruction	\$ 1,736,126	\$ -	\$ -	\$ -	\$ (1,736,126)	\$ -	\$ (1,736,126)
School administration	658,727	-	-	-	(658,727)	-	(658,727)
Rent - Bright Horizons	468,145	-	-	-	(468,145)	-	(468,145)
Fiscal services	204,245	-	-	-	(204,245)	-	(204,245)
Pupil transportation services	95,506	-	-	-	(95,506)	-	(95,506)
Operation of plant	543,081	-	-	-	(543,081)	-	(543,081)
Total governmental activities	<u>3,705,830</u>	-	-	-	<u>(3,705,830)</u>	-	<u>(3,705,830)</u>
Total business type activities	-	-	-	-	-	-	-
Total government	<u>\$ 3,705,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,705,830)</u>	<u>-</u>	<u>(3,705,830)</u>
General revenues:							
FEFP fees				2,650,921			2,650,921
Capital outlay grant				267,178			267,178
Subsidized income - JFK				724,595			724,595
Other income				81,306			81,306
Total general revenues				<u>3,724,000</u>			<u>3,724,000</u>
Change in net assets				18,170			18,170
Net assets, beginning of year				130,898			130,898
Net assets, end of year				<u>\$ 149,068</u>		<u>\$ -</u>	<u>\$ 149,068</u>

See accompanying notes to financial statements.

JFK MEDICAL CENTER CHARTER SCHOOL, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2008

	<u>General Fund</u>	<u>Capital Project</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	<u>\$ 468,218</u>	<u>\$ -</u>	<u>\$ 468,218</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and accrued expenses	<u>\$ 468,218</u>	<u>\$ -</u>	<u>\$ 468,218</u>
Fund balance:			
Undesignated	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 468,218</u>	<u>\$ -</u>	<u>\$ 468,218</u>

RECONCILIATION WITH GOVERNMENT - WIDE FINANCIAL STATEMENTS

June 30, 2008

Fund balance at June 30, 2008 - above	\$ -
Cost of property and equipment, net of accumulated depreciation at June 30, 2008 per statement of net assets	<u>149,068</u>
Net assets at June 30, 2008 per statement of net assets	<u>\$ 149,068</u>

See accompanying notes to financial statements.

JFK MEDICAL CENTER CHARTER SCHOOL, INC.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS**

For The Year Ended June 30, 2008

	General Fund	Capital Project	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
General revenues:			
FEFP fees	\$2,650,921	\$ -	\$ 2,650,921
Capital outlay grant	267,178	-	267,178
Subsidized income - JFK	724,595	-	724,595
Other income	<u>81,306</u>	-	<u>81,306</u>
	<u>3,724,000</u>	-	<u>3,724,000</u>
Expenditures:			
Instruction	1,736,126	-	1,736,126
School administration	658,727	-	658,727
Rent - Bright Horizons	468,145	-	468,145
Fiscal services	204,245	-	204,245
Pupil transportation services	95,506	-	95,506
Operation of plant	<u>561,251</u>	-	<u>561,251</u>
	<u>3,724,000</u>	-	<u>3,724,000</u>
Change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RECONCILIATION WITH GOVERNMENT - WIDE FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

Net change in fund balance for the year ended June 30, 2008 - above	\$ -
Expenditures for capital assets during the year ended June 30, 2008 in government fund financial statements	67,745
Depreciation recorded during the year ended June 30, 2008 in government-wide financial statements	<u>(49,575)</u>
Change in net assets for the year ended June 30, 2008 per statement of activities	<u>\$ 18,170</u>

See accompanying notes to financial statements.

JFK MEDICAL CENTER CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Nature of activities

JFK Medical Center Charter School, Inc. (the School), located in Lake Worth, Florida, was established as a nonprofit organization in April, 2002 under the laws of the State of Florida and is the reporting entity.

The School operates as a Charter School pursuant to a Charter School Contract (the Contract) with the School District of Palm Beach County, Florida (the District). Under the Contract, the School provides an in-the-work-place school for the employees of JFK Medical Center (JFK). The School serves other students in Palm Beach County if space is available.

The Contract is effective through June 2017. The Contract requires the District to provide the School's primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

Government - wide financial statements

The government - wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the School as a whole. Program revenues include charges for services, operating grants and contributions, including restricted investment income, which finance annual operating activities, and capital grants and contributions which fund the acquisition of capital assets.

Government fund financial statements

Government fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

All the activities of the School are classified as governmental type activities. There are no business type activities.

Basis of accounting

The government-wide financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for school districts through its statements and interpretations. The activities in the financial statements are presented on the accrual basis of accounting.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. 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 sixty days of the end of the fiscal year. Expenditures are recorded when the related liability is incurred.

JFK MEDICAL CENTER CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents include money market accounts and certificates of deposit with an original maturity of three months or less. The School maintains its cash and cash equivalents in bank accounts which, at times, may exceed federally-insured limits. The School has not experienced any losses and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Property and equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets ranging from five to ten years.

Contributed services and facilities

The School does not recognize any support, revenue or expense from services contributed by individual volunteers since no objective basis is available to measure the value of such services.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Income taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

Revenue from government agencies

The School receives a substantial amount of its revenue from the State of Florida through the Florida Education Finance Program (FEFP). A significant reduction in the level of this revenue may have a substantial effect on the School's programs, activities, and its ability to continue operations.

Note 2 – Property and Equipment

Property and equipment includes the following at June 30, 2008:

Furniture, fixtures and equipment	\$ 553,670
Less: accumulated depreciation	<u>(404,602)</u>
Property and equipment, net	<u>\$ 149,068</u>

JFK MEDICAL CENTER CHARTER SCHOOL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3 – Related Parties Transactions

Management agreement and accounting services contract

On August 6, 2003, the School entered into a management agreement (the Agreement) that expires in 2018 with Bright Horizons, Inc. (Bright Horizons). Under the terms of the Agreement, Bright Horizons provides all administrative and management services necessary to operate the School. The School has the option to renew the agreement for up to an additional 15 years. The management fee is equal to 5% of gross revenues. The Agreement also provides for Bright Horizons to receive an annual corporate services fee equal to 7% of capacity revenues (the base student allocation received from the State or District).

Management and corporate services fees approximated \$366,000 for the year ended June 30, 2008.

Lease agreement

The School leases its administrative and classroom facilities under an operating lease with Bright Horizons that expires in 2017. The School has options to renew the lease for unlimited five year terms. Monthly rents due under the lease are \$67,705 which was determined based on the approximate value of the land and buildings used by the School of \$7,556,000 at the inception of the lease, a 10.5% interest rate, and a 30-year term.

Under the terms of the lease, Bright Horizons is paid capital outlay amounts received from the District, plus earnings from the School's operations, in lieu of the rentals otherwise due under the lease. Such capital outlay amounts and earnings are significantly less than the minimum lease amounts specified in the lease. For financial reporting purposes, rent expense is recorded as amounts become payable under the lease. The aggregate shortfall at June 30, 2008, representing the excess of amounts due over the amounts payable under the lease, of approximately \$931,000 is not recorded in the accompanying basic financial statements.

Specified minimum rentals due under the lease during each of the five years subsequent to June 30, 2008, and thereafter, are presented as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 812,460
2010	812,460
2011	812,460
2012	812,460
2013	812,460
Thereafter	<u>3,219,840</u>
Total	<u>\$ 7,282,140</u>

JFK MEDICAL CENTER CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 4 – JFK Medical Center Agreement

Bright Horizons entered into a 15-year sponsorship agreement with JFK whereby the School receives an annual sponsorship fee. The sponsorship agreement requires JFK to subsidize certain facility operating expenses and allows JFK the reasonable use of the School classrooms and public areas to conduct and present educational programs and classes.

During the year ended June 30, 2008, the School received the following amounts under this agreement:

Sponsorship fee	\$ 231,089
Subsidized expenses	<u>493,506</u>
Total	<u>\$ 724,595</u>

Note 5 – Significant Funding Source

The School receives funding from the State of Florida based on the number of full-time equivalent (FTE) students who attend the School. The data is compiled by the School and is subject to audit by the State and, if errors are found, could result in amounts having to be repaid to the State or decreases in future allocations. Management believes that the amounts that would be remitted back to the State due to errors in their FTE count, if any, would not be material to the School's financial position.

JFK MEDICAL CENTER CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES - BUDGET VS. ACTUAL
For the Year Ended June 30, 2008

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
FEFP fees	\$ 2,812,857	\$ 2,650,921	\$ (161,936)
Capital outlay funding	277,858	267,178	(10,680)
Subsidized income - JFK	246,497	724,595	478,098
Other income	61,376	81,306	19,930
Total revenues	3,398,588	3,724,000	325,412
Expenses:			
Instruction	1,791,427	1,785,701	5,726
School administration	630,998	658,727	(27,729)
Rent - Bright Horizons	545,241	468,145	77,096
Fiscal services	96,782	204,245	(107,463)
Pupil transportation services	24,711	95,506	(70,795)
Operation of plant	309,429	493,506	(184,077)
Total expenses	3,398,588	3,705,830	(307,242)
Change in net assets	\$ -	18,170	\$ 18,170
Net assets, beginning of year		130,898	
Net assets, end of year		\$ 149,068	

JFK MEDICAL CENTER CHARTER SCHOOL, INC.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET VS. ACTUAL - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
FEFP fees	\$ 2,812,857	\$ 2,650,921	\$ (161,936)
Capital outlay funding	277,858	267,178	(10,680)
Subsidized income - JFK	246,497	724,595	478,098
Other income	<u>61,376</u>	<u>81,306</u>	<u>19,930</u>
Total revenues	<u>3,398,588</u>	<u>3,724,000</u>	<u>325,412</u>
Expenses:			
Instruction	1,791,427	1,736,126	55,301
School administration	630,998	658,727	(27,729)
Rent - Bright Horizons	545,241	468,145	77,096
Fiscal services	96,782	204,245	(107,463)
Pupil transportation services	24,711	95,506	(70,795)
Operation of plant	<u>309,429</u>	<u>561,251</u>	<u>(251,822)</u>
Total expenses	<u>3,398,588</u>	<u>3,724,000</u>	<u>(325,412)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of fiscal year		-	
Fund balance, end of fiscal year		<u>\$ -</u>	



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Directors
JFK Medical Center Charter School, Inc.

We have audited the financial statements of JFK Medical Center Charter School, Inc. (a non-profit organization) as of and for the year ended June 30, 2008, and have issued our report thereon dated August 28, 2008. 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 of America and *Chapter 10.850 Rules of the Auditor General, State of Florida*.

Internal control over financial reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of the 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 any 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 the Organization'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 or other matters that are required to be reported in accordance with *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management, federal and State awarding agencies, the School Board of Palm Beach County and others within the School and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Templeton & Company, LLP

West Palm Beach, Florida
August 28, 2008

August 28, 2008

We have audited the basic financial statements of JFK Medical Center Charter School, Inc. (a non-profit organization) as of and for the year ended June 30, 2008 and have issued our report thereon dated August 28, 2008.

We have also issued our Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated August 28, 2008. Disclosures in this report, if any, should be considered in conjunction with this management letter.

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 of America. Additionally, our audit was conducted in accordance with the Rules of the Auditor General, which govern the conduct of audits of financial statements for charter schools performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General require that we comment as to whether or not irregularities reported in the preceding annual financial audit report have been corrected. There were no irregularities disclosed in the preceding annual financial audit report.

The Rules of the Auditor General require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendation made in the preceding audit report is addressed below.

The Rules of Auditor General require disclosure in the management letter of the following matters if not already addressed in the auditor's report on compliance and on internal control over financial reporting: recommendations to improve financial management, accounting procedures, and internal controls; violations of laws, rules, regulations, and contractual provisions which may or may not materially affect the basic financial statements; improper expenditures which may or may not materially affect the basic financial statements; improper or inadequate accounting procedures (e.g., the omission of required disclosures from the basic financial statements); and failures to properly record financial transactions. Our audit disclosed the following matters required to be addressed by the Rules of the Auditor General.

Prior Year Finding and Recommendation

None noted.

Current Year Findings and Recommendations

None noted.

Violations of Laws, Rules, Regulations, and Contractual Provisions

As more fully set forth in our separate report on compliance and on internal control over financial reporting, during the course of our audit, no violations of laws, rules, regulations, or contractual provisions, which occurred or were likely to have occurred and which may or may not have materially affected the financial statements, were discovered within the scope of the financial audit.

Improper Expenditures

As more fully set forth in our separate report on compliance and on internal control over financial reporting, during the course of our audit, no improper expenditures, which may or may not have materially affected the financial statements, were discovered within the scope of the financial audit.

Deficiencies in Internal Control that are not Reportable Conditions

No improper or inadequate accounting procedures or failures to properly record financial transactions were noted.

Deteriorating financial condition

None of the conditions in Section 218.503(1), Florida Statute were met.

Other Matters

This management letter is intended solely for the information of the Board of JFK Medical Center Charter School, Inc., management, the School Board of Palm Beach County, Florida, and the Auditor General of the State of Florida. However, this report is a matter of public record and its distribution is not limited.

Templeton & Company, LLP

West Palm Beach, Florida
August 28, 2008