



ATHENIAN ACADEMY OF PASCO

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David Ward, CPA
Auditor General Office
State of Florida
401 Claude Pepper Building
1111 West Madison Street
Tallahassee, Florida 32399-1450

September 8, 2010

Dear Mr. Ward:

This letter is in response to your letter of inquiry to the Athenian Academy of Pasco County, dated August 9, 2010, regarding the school's 2008-09 Financial Audit. This reply provides management's update and responses to each finding and recommendation from that audit.

As a part of the school's 2008-09 Financial Audit, the auditor identified control deficiencies, significant deficiencies and material weaknesses that were summarized in their findings and recommendations in the Auditor's Report on Internal Control Over Financial Reporting and Compliance. Management responded in its letter dated September 30, 2009, that it was in agreement with the auditor's finding and recommendations. Management proposed corrective measures which were adopted by the school's board of directors. Those procedures were subsequently implemented this last year. In the school's 2009-10 audit, completed August 30, 2010, the auditor reported in the STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS that "Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial report." As confirmed by the 2009-10 auditor review, the Athenian Academy of Pasco County has implemented procedures that address and correct the control deficiencies, significant deficiencies and material weaknesses that were identified in the 2008-09 financial audit.

Management's Response to Auditor's Report on Internal Control Over Financial Reporting and Compliance
contained within the 2008-09 financial audit.

Control deficiencies

FINDING AND RECOMMENDATION

We (auditor) identified the following control deficiencies that are of a lesser magnitude than a significant deficiency or material weakness.

Lack of Documentation of Key Policy:

During the course of our audit procedures we noted management did not have a formalized revenue recognition policy. Although revenue sources of the School are predominately from state and local sources the School however receives contributions and recognizes revenue from donated services, funds raisers, or grants from individuals or entities.

We (auditor) recommend management develop a formalized revenue recognition policy to serve as guidance on how to properly record revenue in the School books and financial records.

MANAGEMENT RESPONSE

Management agrees with the finding and recommendation, and has adopted a formal revenue recognition policy that is consistent with GASB 34 and is documented in the school's board-adopted Financial Policies and Procedures.

Significant Deficiencies.

FINDING AND RECOMMENDATION

We (auditor) identified the following control deficiencies to be significant deficiencies in internal controls.

Lack of Reconciliations:

We (auditor) noted the School's Board of Directors opened a new bank account during fiscal year 2009. The new bank account was not under the control of the Leona Group and had not been reconciled by the time of our audit procedures during August 2009 for the month ended June 30, 2009. Additionally, We (auditor) noted management had not reconciled key balance sheet accounts (e.g. statement of net assets accounts) during fiscal year 2009 nor the balances for year ended June 30, 2009.

Adjusting Journal Entries:

During the course of the audit we (auditor) identified journal entries that were of a lesser magnitude than a material weakness. These adjusting entries were agreed by management and recorded in the June 30, 2009 financial statements.

We (auditor) recommend management implement a process to ensure all bank accounts are reconciled, at minimum, on a monthly basis. Additionally, We (auditor) recommend management implement a process to ensure key balance sheet accounts are reconciled on a periodic basis. Further, to ensure a proper segregation of duties we (auditor) recommend, when practical, the individual responsible for maintaining the account be different that the preparer of the reconciliation also separate from the person whom reviews and approves the reconciliation.

MANAGEMENT RESPONSE

Management agrees with the finding and recommendation, and has adopted financial policy and procedures with respect to the monthly reconciliation of the school's bank accounts and the monthly review and reconciliation of all balance sheet entries. The school's documented and adopted policies and procedures now include the segregation of duties for the recording of financial entries, and reconciliation of the bank account and balance sheet.

Material Weaknesses

We (auditor) identified the following deficiency which constitutes as a material weakness.

Donor Restricted Contributions:

We (auditor) noted that management did not have controls in place to ensure donor restricted contributions were properly identified, tracked for the appropriate related expenditures against the restricted revenue, nor reported as restricted revenues in the financial statements.

We (auditor) recommend management implement internal controls that enable identifying, tracking of related expenditures, and financial reporting of donor restricted contributions.

MANAGEMENT RESPONSE

Management agrees with the finding and recommendation, and has adopted financial policies and procedures that identify the source and intended use of funds to ensure that donor-restricted contributions are reported as available or expended according to their intended purpose.

In summary, we will continue to monitor our processes and control procedures and timely respond to recommendations that are made by the auditor in connection with the school's financial processes and reporting.

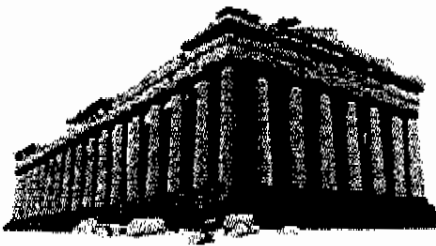
Sincerely,

Daniel Rishavy [Electronic Document]
Administrator for
The Athenian Academy of Pasco County



Digitally signed by: Daniel
Rishavy
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AAOPCS - (Link Up Inc.) OU =
Administrator
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Cc. Myslajek, LTD
Jim Mathieu, Esq., President, The Athenian Academy of Pasco County
Grace Haimes, Treasurer, The Athenian Academy of Pasco County
Mary DeNicola, Principal, The Athenian Academy of Pasco County



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From: Management for the Athenian Academy of Pasco County
To: Board Member of the Athenian Academy of Pasco County
Steven Spencer, CPA - Myslajek, LTD.
Regarding: Response to 2008-09 Audit Finding

Date: September 30, 2009

Dear Sirs:

Management has reviewed the auditor's report on Internal Controls over Financial Reporting, and is in agreement with their conclusions and recommendations. Management has recommended to the Board of Directors procedures and controls that address these findings. The Board of Directors have reviewed and adopted these policies and procedures, which were also provided to the authorizer, the Pasco School District, as a part of its contract requirements.

Specific Responses to Findings:

Lack of Documentation of Key Policy regarding Revenue Recognition.

Management has presented and the board has adopted a formal revenue recognition policy that is in conformance with GASB 34, and considers the source, timing, and use of revenues when determining when revenue should be recognized, and whether it has been earned.

Significant Deficiencies

Lack of Reconciliations

Management has presented and the board has adopted a process for ensuring that there are no bank accounts that fall outside of the purview of management, who is responsible for reconciling monthly any bank accounts.

Material Weakness

Management has presented and the board has approved of a new fund-accounting software system that is designed to provide the systematic controls to properly track restricted expenditures through the

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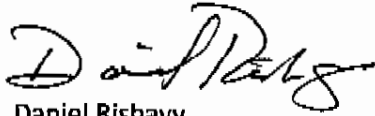
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entire cycle of expenditure and revenue recognition, accountable to the fund source. This system was implemented by September 20th of 2009, and all financial entries and reports from the beginning of the fiscal year, July 1, 2009, are recorded in and produced through this fund-accounting system.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Rishavy". The signature is fluid and cursive, with a large initial "D" and "R".

Daniel Rishavy

Administrator for the Athenian Academy of Pasco