
EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2011

MARK ESCOFFERY P.A.
CERTIFIED PUBLIC ACCOUNTANT

EAGLES' NEST MIDDLE CHARTER SCHOOL INC.

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Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Eagles' Nest Middle
Charter School Inc.
201 University Drive
Coral Springs, Florida 33071

I have audited the accompanying Financial Statements of the governmental activities, and each major fund, of Eagles' Nest Middle Charter School Inc. ("the School") (a nonprofit organization) a component unit of The School Board of Broward County as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the foregoing Table of Contents. These financial statements are the responsibility of the Management of the School. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the School as of June 30, 2011, and the respective changes in 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*, I have also issued my report dated September 15, 2011, on my consideration of the School's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

To the Board Members of Eagles' Nest Middle
Charter School Inc.
201 University Drive
Coral Springs, Florida 33071
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The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Auditing Board. I 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, I did not audit the information and express no opinion on it.

Mark E. Coffey, P.A.

Palm Beach Gardens, Florida
September 15, 2011

**EAGLES' NEST MIDDLE CHARTER SCHOOL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Our discussion and analysis of Eagles' Nest Middle Charter School Inc. ("the School") financial program provides an overview of the School's financial activities for the year ended June 30, 2011.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the School's financial statements which begin on page 7.

For financial statement purposes the School is considered a component unit of The School Board of Broward County which is a primary government entity for financial reporting. The School has included separate statements for the Governmental Fund Balance Sheet and the statement of Revenue, Expenditures and Changes in Fund Balance. The Statement of Net Assets and the Statement of Activities report provide information on the activities of the School. The Fund Financial Statements reflect financing activities of the School by providing information on inflows and outflows of spendable resources.

NON FINANCIAL HIGHLIGHTS

The School's daily enrollment for fiscal year ended June 30, 2011 was 57 students. The School expects to have an enrollment of 65 students for the school year 2011-2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School's financial position. Included in these statements are all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are recorded when received.

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

A *Fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

**EAGLES' NEST MIDDLE CHARTER SCHOOL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd.)

Fund Financial Statements (Cont'd.)

Governmental Funds – All of the School's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's governmental activities and the basic services it provides.

Notes to the 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 12-16 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the School's financial position. The School's assets exceeded liabilities by \$56,966 at June 30, 2011.

NET ASSETS

	<u>JUNE 30, 2011</u>	<u>JUNE 30, 2010</u>
Current and Other Assets	\$ 68,469	\$ 46,456
Capital Assets	-	-
Total Assets	<u>\$ 68,469</u>	<u>\$ 46,456</u>
Other Liabilities	\$ 11,503	\$ 4,503
Total Liabilities	<u>\$ 11,503</u>	<u>\$ 4,503</u>
Investment in Capital Assets	\$ -	\$ -
Unrestricted	56,966	41,953
Total Net Assets	<u>\$ 56,966</u>	<u>\$ 41,953</u>

Revenues from governmental activities totaled \$461,514 for the year ended June 30, 2011. The main source of revenue is from Florida Education Finance Program (FEFP). This revenue represented approximately 78.9 of total governmental revenue.

**EAGLES' NEST MIDDLE CHARTER SCHOOL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd.)

<u>Revenue Source</u>	<u>6/30/11</u>	<u>% of Total 6/30/11</u>	<u>6/30/10</u>	<u>% of Total 6/30/10</u>
State Sources	\$ 390,064	84.3	\$ 356,224	93.7
Federal Sources	71,450	15.4	16,367	4.3
Local Sources	1,325	.3	7,753	2.0
TOTAL	\$ 462,839	100.0	\$ 380,344	100.0

Local revenue sources are primarily donations. Increases in levels of expenses for major functions of the School are shown in the following table:

<u>Expense</u>	<u>6/30/11</u>	<u>% of Total 6/30/11</u>	<u>6/30/10</u>	<u>% of Total 6/30/10</u>
Instruction	\$ 237,601	53.1	\$ 206,426	48.2
Curriculum				
Development	3,093	.7	28,317	6.6
Board Services	3,000	.7	8,241	1.9
School Administration	59,574	13.2	63,973	14.9
General Administration	18,193	4.1	16,813	3.9
Facilities Acquisition	39,996	8.9	43,497	10.2
Fiscal Services	11,391	2.5	14,439	3.4
Food Services	2,578	.6	3,867	.9
Pupil Transportation	27,326	6.1	19,059	4.5
Operation and Maintenance of Plant	45,075	10.1	23,660	5.5
TOTAL	\$ 447,827	100.0	\$ 428,292	100.0

BUDGETARY HIGHLIGHTS

Program revenues were approximately \$83,000 less than budget because of lower enrollment.

School Expenditures were less than budgeted by approximately \$66,000 which was due to lower enrollment.

Total fund balance of the General Fund was \$56,966 at June 30, 2011.

EAGLES' NEST MIDDLE CHARTER SCHOOL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

CAPITAL ASSETS

The School's investment in capital assets at June 30, 2011 was \$-0- (net of depreciation). The investment includes leasehold improvements and furniture and equipment. The following is a summary of capital assets balances at June 30, 2011.

Furniture and Equipment	\$ 200,573
Less Accumulated Depreciation	<u>200,573</u>
	<u>\$ - 0 -</u>

PROSPECTS FOR THE FUTURE

The School continues to receive funds from State sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.

- . The Administration believes that the School will achieve a higher rating from the Department of Education.
- . The Administration believes that the School will continue to be successful and contribute to the educational requirements of Broward County.

EAGLES NEST MIDDLE CHARTER SCHOOL, INC., INC.
Governmental Fund (General Fund) Balance Sheet/Statement of Net Assets
June 30, 2011

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
ASSETS			
Cash	\$57,771		\$57,771
Accounts Receivable	4,698		4,698
Deposits	6,000		6,000
Capital Assets		-	-
Total Assets	\$68,469	\$0	\$68,469
LIABILITIES			
Accounts Payable	\$8,859		8,859
Accrued Salaries	2,644		2,644
Total Liabilities	11,503		11,503
FUND BALANCE/NET ASSETS			
Undesignated	56,966	(56,966)	
Total Liabilities and Fund Balance	\$68,469		
Net Assets			
Investment in capital assets		0	0
Unrestricted		56,966	56,966
Total Net Assets		\$56,966	\$56,966

The accompanying notes are an integral part of this statement

EAGLES NEST MIDDLE CHARTER SCHOOL, INC.
Reconciliation of the Governmental Fund (General Fund)
Balance Sheet To The Statement of Net Assets
June 30, 2011

Fund Balance- Governmental Funds	\$56,966
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	\$200,573
Less accumulated depreciation	<u>(200,573)</u>

Net Assets of Governmental activities	<u><u>\$56,966</u></u>
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The accompanying notes are an integral part of this statement

EAGLES NEST MIDDLE CHARTER SCHOOL, INC.
Statement of Governmental Fund (General Fund) Revenues, Expenditures and
Changes in Fund Balance/Statement of Activities
For the Fiscal Year ended June 30, 2011

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENSES			
Instruction	\$237,601		\$237,601
Curriculum Development	3,093		3,093
Pupil Transportation	27,326		27,326
Board	3,000		3,000
Operation of Plant	44,482		44,482
Maintenance of Plant	593		593
School Administration	59,574		59,574
General Administration	18,193		18,193
Food Services	2,578		2,578
Fiscal services	11,391		11,391
Facilities Acquisition	39,996		39,996
Depreciation	-		-
Capital Outlay	-		-
TOTAL EXPENSES	447,827	-	447,827
PROGRAM REVENUES			
Florida Education Finance Program (FEFP)	363,865		363,865
Capital Grants and Contributions	26,199		26,199
Charges for services	1,094		1,094
Total Program Revenues	391,158		391,158
GENERAL REVENUES			
Other Federal sources	71,450		71,450
Other local sources	231		231
Total General Revenues	71,681		71,681
Excess of Revenues over expenses	15,013		15,013
Fund balance, beginning of Year	41,953		41,953
Fund balance, end of year	\$56,966	\$0	\$56,966

The accompanying notes are an integral part of this statement

EAGLES NEST MIDDLE CHARTER SCHOOL, INC.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance
of Governmental Fund (General Fund) To The
Statement of Activities
June 30, 2011

Net Changes in Fund Balances- Governmental Funds	\$15,013
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Amounts reported for governmental activities in the statement of net assets are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	-	
Less current year depreciation	-	
		0

Change in Net Assets of Governmental Activities	<u>\$15,013</u>
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The accompanying notes are an integral part of this statement

EAGLES NEST MIDDLE CHARTER SCHOOL, INC.
Statement of Revenues, Expenditures and Changes
In Fund Balance-Budget (GAAP Basis) and Actual
Governmental Fund (General Fund) Type
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction	\$192,698	\$237,601	\$44,903
Curriculum Development	3,500	3,093	(407)
Instructional staff training	5,000		(5,000)
Pupil Transportation	20,500	27,326	6,826
Board	7,250	3,000	(4,250)
Operation of Plant	22,180	44,482	22,302
Maintenance of Plant	4,992	593	(4,399)
School Administration	139,843	59,574	(80,269)
General Administration		18,193	18,193
Food Services	55,500	2,578	(52,922)
Fiscal services	11,953	11,391	(562)
Facilities Acquisition	40,000	39,996	(4)
Technology services	16,000	-	(16,000)
Depreciation	-	-	-
Capital Outlay	-	-	-
	<u>519,416</u>	<u>447,827</u>	<u>(71,589)</u>
PROGRAM REVENUES:			
Florida Education Finance Program	440,826	363,865	(76,961)
Capital grants and contributions	26,199	26,199	0
Charges for services	2,890	1,094	(1,796)
Total Program Revenues	<u>469,915</u>	<u>391,158</u>	<u>(78,757)</u>
GENERAL REVENUES:			
Other federal sources	76,040	71,450	(4,590)
Other local sources		231	231
Total General Revenues	<u>76,040</u>	<u>71,681</u>	<u>(4,359)</u>
Excess of Revenues over expenditures	<u>\$26,539</u>	15,013	
Fund Balance, beginning of year		<u>41,953</u>	
Fund Balance, end of year		<u>\$56,966</u>	

The accompanying notes are an integral part of this statement

**EAGLES' NEST MIDDLE CHARTER SCHOOL INC.
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR
ENDED JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Eagles' Nest Middle Charter School Inc. ("the School") was established as a nonprofit organization on October 20, 2000 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 Board of Broward County, Florida. Under the Contract the School provides an education to children from sixth through the eighth grade who reside in Broward County in and around the City of Coral Springs. For financial statement purposes the School is considered a component unit of The School Board of Broward County which is a primary government entity for financial reporting.

The School Board of Broward County received 5% of the Florida Education Finance Program (FEFP) revenue as an administrative fee. The Contract is effective through June 30, 2015. The Contract requires The School Board to provide the School's primary source of funding based upon the number of full-time equivalent students (FTES) registered at the School.

The School is a tax-exempt organization under 501(C)(3) of the Internal Revenue Code.

The School's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

Basic Financial Statements

The School's basic financial statements are the Statements of Net Assets and the Statement of Activities. All the activities of the School are classified as governmental type activities. There are no business type activities of the School. All the School's governmental activities are included in the general fund. There are no other major or non major funds. In the Statement of Net Assets, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The School's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Statement of Activities reports both the gross and net cost of each of the School's functions. The functions are also supported by government revenues such as Florida Education Finance Program (FEFP), Capital Outlay Funds and Federal Grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

EAGLES' NEST MIDDLE CHARTER SCHOOL INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basic Financial Statements (cont'd.)

Program revenues must be directly associated with the function (after care and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounting and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

The governmental type activities in the financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. When both restricted and unrestricted resources are available for use, it is the policy of the School to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus

The accounting and financial reporting treatment is determined by applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities).

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet and operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net assets.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

EAGLES' NEST MIDDLE CHARTER SCHOOL INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that subject the School to concentrations of credit risk include cash. While the School attempts to limit its financial exposure, its deposit balances may at times exceed federally insured limits. The School has not experienced any losses on such balances.

Cash deposits are held at banks qualified as public depositories under Florida law.

Fair Value of Financial Instruments

The School's financial assets measured at fair value includes cash, accounts receivable, and deposits.

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. However, a substantial number of volunteers have donated significant amounts of time to the School's program services.

Budgetary Basis of Accounting

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Leasehold Improvements	10 Years
Furniture and Equipment	5-10 Years

**EAGLES' NEST MIDDLE CHARTER SCHOOL INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 2 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning	Additions	Disposals	Balance Ending
Furniture and Equipment	\$ 200,523	\$ -	\$ -	\$ 200,523
Less Accumulated Depreciation	200,523	-	-	200,523
NET CAPITAL ASSETS	\$ -	\$ -	\$ -	\$ -

No depreciation expense was charged during the year ended June 30, 2011.

NOTE 3 – RELATED PARTY TRANSACTIONS

The School and the Eagles' Nest Elementary Charter School, Inc., are governed by the same Board of Directors and both Schools operate out of the same location in Coral Springs, Florida. The School pays 28% of the total lease payments.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Lease Agreement

The School leases its administrative and classroom facilities under a non cancelable operating lease that expires in June 2017. Annual rental expenses were approximately \$40,000 for the year ended June 30, 2011. Future minimum payments under this lease are as follows

June 30,	2012	\$	41,000
	2013		42,000
	2014		43,000
	2015		44,000
	2016		45,000
		\$	215,000

Risk Management

The School is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The School purchases commercial insurance for all material risks of loss to which the School is exposed, including general liability, property, auto and workers compensation. A review of the last two years reveals that settled claims have not exceeded insurance coverage.

EAGLES' NEST MIDDLE CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)
FOR THE YEAR ENDED JUNE 30, 2011

Risk Management (Cont'd.)

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

NOTE 7 – SUBSEQUENT EVENTS

The School evaluated subsequent events to September 15, 2011, the date which the financial statements were available to be issued.

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

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

To The Board Members of Eagles' Nest Middle
Charter School Inc.
201 University Drive
Coral Springs, Florida 33071

I have audited the financial statements of Eagles' Nest Middle Charter School Inc. ("the School") (a non-profit organization) as of and for the year ended June 30, 2011, and have issued my report thereon dated September 15, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the School's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**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 (Cont'd.)***

To the Board Members of Eagles' Nest Middle
Charter School Inc.
201 University Drive
Coral Springs, Florida 33071
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This Report is intended solely for the information and use of the Board Members, Management, others within the organization 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.

Mark Croffey, P.A.

Palm Beach Gardens, Florida
September 15, 2011

Mark Escoffery, P.A.

Certified Public Accountant

8645 N. Military Trail
Suite 503
Palm Beach Gardens, FL 33410

Tel (561) 627-1404
Fax (561) 627-3844

MANAGEMENT LETTER

To the Board Members of Eagles' Nest Middle
Charter School Inc.
201 University Drive
Coral Springs, Florida 33071

I have audited the financial statements of Eagles' Nest Middle Charter School Inc. ("the School") as of and for the year ended June 30, 2011, and have issued my report thereon dated September 15, 2011.

I have issued my Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance dated September 15, 2011. Disclosures in that report, if any, should be considered in conjunction with this Management Letter.

I conducted my 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, my audit was conducted in accordance with the Provision of Chapter 10.850, *Rules of the Auditor General*, which govern the conduct of charter school audits performed in the State of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General* Section 10.854(1)(d)1 require that I comment as to whether or not recommendations made in the preceding annual financial report have been followed. There were no findings or recommendations made in the prior year.

The *Rules of the Auditor General* Section 10.854(1)(d)2 require that I comment on whether the School has met any of the conditions described in Section 218.503(1), Florida Statutes. The School has not met any of the conditions described in Section 218.503(1), Florida Statutes.

The *Rules of the Auditor General* Section 10.854(1)(d)5 require that I state whether there were any findings or recommendations made for the current year. There are no findings and recommendations made for the current year.

The *Rules of the Auditor General* Section 10.855 (10) require that I state whether the scope of the audit included the use of financial condition assessment procedures to determine whether deteriorating financial conditions exist pursuant to Section 218.39(5) Florida Statutes. The scope of the audit included the use of financial condition assessment procedures and there were no deteriorating financial conditions existing pursuant to Section 218.39(5) Florida Statutes.

MANAGEMENT LETTER
(Continued)

To the Board Members of Eagles' Nest Middle
Charter School Inc.
201 University Drive
Coral Springs, Florida 33071
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OTHER CURRENT YEAR COMMENTS

My report did not disclose any additional items that would be required to be reported under Chapter 10.854(1)(d) *Rules of the Auditor General*.

The Report is intended solely for the information and use of the School's Board Members, Management, pass-through entities and the State of Florida Office of the Auditor General and is not intended and should not be used by anyone other than these specified parties.

Mark E. Coffey, P.A.

Palm Beach Gardens, Florida
September 15, 2011