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**LAS AMÉRICAS ASPIRA ACADEMY**  
(A Component Unit of the State of Delaware)  
**NEWARK, DELAWARE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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LAS AMÉRICAS ASPIRA ACADEMY  
(A Component Unit of the State of Delaware)

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## INDEPENDENT AUDITOR'S REPORT

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August 26, 2014

Board of Directors  
Las Américas ASPIRA Academy  
Newark, Delaware

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Las Américas ASPIRA Academy (the "School"), Newark, Delaware (a component unit of the State of Delaware) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our 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 Las Américas ASPIRA Academy as of June 30, 2014, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited Las Américas ASPIRA Academy's 2013 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund in our report dated October 21, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Las Américas ASPIRA Academy's basic financial statements. The combining balance sheet - general fund, combining statement of revenues, expenditures and changes in fund balances - general fund, and schedule of expenditures by natural classification - governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The combining balance sheet - general fund, the combining statement of revenues, expenditures, and changes in fund balances - general fund, and schedule of expenditures by natural classification - governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet - general fund, the combining statement of revenues, expenditures, and changes in fund balances - general fund, and schedule of expenditures by natural classification - governmental funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2014 on our consideration of Las Américas ASPIRA Academy's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Las Américas ASPIRA Academy's internal control over financial reporting and compliance.

*Barbacane, Thornton & Company LLP*

BARBACANE, THORNTON & COMPANY LLP

## **BASIC FINANCIAL STATEMENTS**

**LAS AMÉRICAS ASPIRA ACADEMY**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and pooled cash	\$ 388,934	\$ 511,082
Accounts receivable	28,466	35,009
Due from State	52,665	69,054
Prepaid expenses	29,872	28,061
Deposit on building	25,000	-
Total Current Assets	<u>524,937</u>	<u>643,206</u>
<b>NONCURRENT ASSETS:</b>		
Construction-in-progress	-	360,466
Depreciable capital assets, net	<u>2,070,735</u>	<u>711,989</u>
Total Noncurrent Assets	<u>2,070,735</u>	<u>1,072,455</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,595,672</u></u>	<u><u>\$ 1,715,661</u></u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 71,764	\$ 53,015
Accrued salaries	325,245	232,148
Due to State of Delaware - pension costs	61,409	42,968
Notes payable	<u>143,600</u>	<u>176,563</u>
Total Current Liabilities	<u>602,018</u>	<u>504,694</u>
<b>NONCURRENT LIABILITIES:</b>		
Compensated absences	87,775	115,089
Notes payable	<u>780,612</u>	<u>249,215</u>
Total Noncurrent Liabilities	<u>868,387</u>	<u>364,304</u>
<b>TOTAL LIABILITIES</b>	<u>1,470,405</u>	<u>868,998</u>
<b>NET POSITION:</b>		
Net investment in capital assets	1,146,523	646,677
Restricted	-	63,607
Unrestricted (Deficit)	<u>(21,256)</u>	<u>136,379</u>
Total Net Position	<u>1,125,267</u>	<u>846,663</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 2,595,672</u></u>	<u><u>\$ 1,715,661</u></u>

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

**LAS AMÉRICAS ASPIRA ACADEMY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(With Summarized Comparative Data for June 30, 2013)**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals	
					2014	2013
<b>GOVERNMENTAL ACTIVITIES</b>						
Instructional services	\$ (3,418,135)	\$ 147,293	\$ 233,180	\$ 360	\$ (3,037,302)	\$ (1,984,624)
Support services:						
Operation and maintenance of facilities	(695,363)	-	-	-	(695,363)	(668,658)
Transportation	(277,936)	-	-	-	(277,936)	(273,890)
Food service	(272,812)	40,526	103,828	-	(128,458)	6,942
Interest on long-term debt	(55,948)	-	-	-	(55,948)	(26,247)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ (4,720,194)</u></u>	<u><u>\$ 187,819</u></u>	<u><u>\$ 337,008</u></u>	<u><u>\$ 360</u></u>	<u><u>(4,195,007)</u></u>	<u><u>(2,946,477)</u></u>
<b>GENERAL REVENUES</b>						
					1,528,852	1,176,727
Charges to school districts					2,919,686	2,297,724
State aid not restricted to specific purposes					21,762	19,795
Other local revenues					3,311	4,450
Interest income					<u>4,473,611</u>	<u>3,498,696</u>
<b>TOTAL GENERAL REVENUES</b>						
<b>CHANGE IN NET POSITION</b>					278,604	552,219
<b>NET POSITION, BEGINNING OF YEAR</b>					<u>846,663</u>	<u>294,444</u>
<b>NET POSITION, END OF YEAR</b>					<u><u>\$ 1,125,267</u></u>	<u><u>\$ 846,663</u></u>

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



**LAS AMÉRICAS ASPIRA ACADEMY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**  
**(With Summarized Comparative Data for June 30, 2013)**

	General Fund	Capital Projects Fund	Total Government Funds	
			2014	2013
<b>ASSETS</b>				
Cash and pooled cash	\$ 388,934	\$ -	\$ 388,934	\$ 511,082
Accounts receivable	28,466	-	28,466	35,009
Prepaid expenditures	29,872	-	29,872	28,061
Deposit on building	25,000	-	25,000	-
<b>TOTAL ASSETS</b>	<u>\$ 472,272</u>	<u>\$ -</u>	<u>\$ 472,272</u>	<u>\$ 574,152</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 71,764	\$ -	\$ 71,764	\$ 53,015
Accrued salaries	325,245	-	325,245	232,148
Due to State of Delaware - pension costs	61,409	-	61,409	42,968
<b>TOTAL LIABILITIES</b>	<u>458,418</u>	<u>-</u>	<u>458,418</u>	<u>328,131</u>
<b>FUND BALANCES:</b>				
Nonspendable	29,872	-	29,872	28,061
Restricted	-	-	-	63,607
Assigned	-	-	-	140,390
Unassigned (Deficit)	(16,018)	-	(16,018)	13,963
<b>TOTAL FUND BALANCES</b>	<u>13,854</u>	<u>-</u>	<u>13,854</u>	<u>246,021</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 472,272</u>	<u>\$ -</u>	<u>\$ 472,272</u>	<u>\$ 574,152</u>

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

**LAS AMÉRICAS ASPIRA ACADEMY  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
JUNE 30, 2014**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	13,854
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in the governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation as detailed in the footnotes are included in the statement of net position.		2,070,735
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Compensated absences	\$ (87,775)	
State portion of compensated absences	52,665	
Notes payable	(924,212)	(959,322)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	1,125,267
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The accompanying notes are an integral part of these financial statements.

**LAS AMÉRICAS ASPIRA ACADEMY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**(With Summarized Comparative Data for the Year Ended June 30, 2013)**

	General Fund	Capital Projects Fund	Total Governmental Funds	
			2014	2013
REVENUES				
Charges to school districts	\$ 1,528,852	\$ -	\$ 1,528,852	\$ 1,176,727
State aid	2,936,075	-	2,936,075	2,228,670
Federal aid	271,700	-	271,700	237,874
Interest income	3,311	-	3,311	4,450
Food service revenue	40,526	-	40,526	33,317
Other local revenues	21,762	-	21,762	19,795
After care	118,443	-	118,443	55,254
Donations	65,308	360	65,668	366,248
Summer camp	28,850	-	28,850	5,388
Private lessons	-	-	-	4,278
TOTAL REVENUES	<u>5,014,827</u>	<u>360</u>	<u>5,015,187</u>	<u>4,132,001</u>
EXPENDITURES				
Current:				
Instruction	3,342,550	-	3,342,550	2,438,172
Operation and maintenance of facilities	617,468	680	618,148	642,896
Transportation	277,936	-	277,936	273,890
Food services	272,812	-	272,812	107,677
Capital outlays:				
Property	4,242	752,161	756,403	299,204
Equipment	421,991	-	421,991	116,250
Debt Service:				
Principal	190,440	-	190,440	514,302
Interest	55,948	-	55,948	26,247
TOTAL EXPENDITURES	<u>5,183,387</u>	<u>752,841</u>	<u>5,936,228</u>	<u>4,418,638</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(168,560)</u>	<u>(752,481)</u>	<u>(921,041)</u>	<u>(286,637)</u>
OTHER FINANCING SOURCES				
Debt proceeds	-	688,874	688,874	221,126
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>688,874</u>	<u>688,874</u>	<u>221,126</u>
NET CHANGE IN FUND BALANCES	(168,560)	(63,607)	(232,167)	(65,511)
FUND BALANCES, BEGINNING OF YEAR	<u>182,414</u>	<u>63,607</u>	<u>246,021</u>	<u>311,532</u>
FUND BALANCES, END OF YEAR	<u>\$ 13,854</u>	<u>\$ -</u>	<u>\$ 13,854</u>	<u>\$ 246,021</u>

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

**LAS AMÉRICAS ASPIRA ACADEMY**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (232,167)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$1,000 are capitalized, and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 1,170,280	
Depreciation expense	<u>(172,000)</u>	998,280

Debt proceeds are reported as financing sources in the governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt proceeds	(688,874)	
Principal repayments	<u>190,440</u>	(498,434)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences, net of state portion	<u>10,925</u>
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CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 278,604</u></u>
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The accompanying notes are an integral part of these financial statements.

## LAS AMÉRICAS ASPIRA ACADEMY

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Description of the Charter School

Las Américas ASPIRA Academy is organized under Delaware Code, Title 14, Chapter 5 of the State of Delaware. The Charter School Law grants authority for independent public schools to be created for the purpose of increasing choices for parents of public school students and increasing academic performance. A charter school is an independent public school governed by an independent board of directors. In Delaware, charter schools have the same basic standing as a school district with some exceptions - most notably, they may not levy taxes. To encourage innovation, charter schools operate free from a number of state laws and regulations. Las Américas ASPIRA Academy's initial charter was granted for a four-year period, renewable every five years thereafter. Las Américas ASPIRA Academy's first full year of school started September 1, 2011. The initial charter will expire on June 30, 2015.

Charter schools are funded similarly to other public schools in that state and local funds are allocated for each enrolled student. Public funds are not provided for facilities. Charter schools may charge for selected additional costs consistent with those permitted by other school districts. Because a charter school receives local, state, and federal funds, they may not charge tuition.

The financial statements of Las Américas ASPIRA Academy have been prepared in conformity with generally accepted accounting principles as applied to local governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of Las Américas ASPIRA Academy (the "School") are described below.

##### Reporting Entity

The School is a special purpose government and is considered a component unit of the State of Delaware. A component unit, although a legally separate entity, is, in substance, part of the State of Delaware's operations. The School has no component units for which it is considered to be financially accountable.

##### Entity-wide and Fund Financial Statements

The entity-wide financial statements (the statement of net position and the statement of activities) report information on all activities of the School. For the most part, the effect of interfund activity has been removed from these financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Separate financial statements are provided for governmental funds. The major individual governmental funds are reported as separate columns in the fund financial statements.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

**Entity-wide financial statements** are reported using 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. Charges to the School are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to students for special fees, supplies, food, or services provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include charges to school districts.

**Governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Charges to the school districts, state appropriations, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the School receives cash.

The School reports the following major governmental funds:

- **General Fund.** The general fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- **Capital Projects Fund.** The capital projects fund accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodeling of facilities, and procurement of equipment necessary for providing educational programs for all students within the School.

Receivables

The School considers all accounts receivable at year end to be collectible; therefore, no allowance for doubtful accounts has been recorded.



LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Capital Assets

Capital assets, which include leasehold improvements, furniture and fixtures, and equipment, are reported in the entity-wide financial statements. The School defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest cost incurred during construction is capitalized.

Leasehold improvements, furniture and fixtures, and equipment of the School are depreciated using the straight-line method over the estimated useful lives of the related assets. The School generally uses the following estimated useful lives:

Leasehold improvements	24 years
Furniture	3 years
Equipment	5 years

Long-term Obligations

In the entity-wide financial statements, long-term debt is reported as liabilities. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as operational expenditures.

Compensated Absences

Vacation pay plus related payroll taxes are accrued when incurred in the entity-wide financial statements. The liability for these amounts is reported in the governmental funds only when the liability matures, for example, as a result of employee resignations and retirements.

**Vacation** - Twelve-month employees can accumulate up to 42 days of vacation. Any days in excess of 42 are dropped as of July 1 of each year. Employees are paid for unused vacation upon termination and retirement at the current rate of pay.

**Sick Leave** - Sick leave allowances are as follows: teachers shall be allowed 10 days of sick leave per year and annual employees earn one day of sick leave for each month worked. Any unused sick days shall be accumulated to the employee's credit up to a maximum of 120 days. Compensation for accumulated sick days is received when employees (a) qualify and apply for state pension and are paid at a rate of 50 percent of the per diem rate of pay not to exceed 120 days; or (b) in the case of death, when payment is made to the employee's estate at a rate of one day's pay for each day of unused sick leave not to exceed 120 days.

The compensated absences liability was \$87,775 at June 30, 2014.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fund Equity

Fund balance will be displayed in the following classification (if applicable) depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

*Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – amounts that can be used only for specific purposes determined by formal action of the Board of Directors. The Board is the highest level of decision-making authority for Las Américas ASPIRA Academy. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

*Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Head of School may assign amounts for specific purposes.

*Unassigned* – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally, unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Restricted Net Position

Restricted net position is comprised of assets, net of related liabilities, that are required to be set aside for capital projects payments. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first and then unrestricted resources as they are needed.

Income Tax Status

No provision has been made for income taxes since the School qualifies as a tax-exempt organization under the Internal Revenue Code, Section 501(c)(3), and its activities do not result in any income tax liability. In accordance with the section of FASB ASC regarding accounting for uncertainty in income taxes, the School is required to recognize the financial statement effects of a tax position if it is more likely than not that the position will not be sustained upon examination. The School has no uncertain tax positions that qualify for recognition in the financial statements.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Since tax matters are subject to some degree of uncertainty, there can be no assurance that the School's tax returns will not be challenged by the taxing authorities and that the School will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the School's tax returns remain open for federal income tax examination for three years from the date of filing.

Use of Estimates in the Preparation of Financial Statements

The preparation of basic 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 and accompanying notes. Actual results may differ from those estimates.

Comparative Data

Comparative total data for the prior year are presented in the basic financial statements to provide an understanding of changes in the School's financial position and operations. That comparative data is not at the level of detail required for a presentation in conformity with generally accepted accounting principles and has been restated and reclassified, as needed, from the presentation in the School's June 30, 2013 basic financial statements to be comparative with the current year presentation.

NOTE 2 CASH AND POOLED CASH

At June 30, 2014, the School had a cash equivalent balance of \$388,934. Of that amount, \$388,561 was part of an investment pool controlled by the personnel of the State Treasurer's Office in Dover, Delaware, and all investment decisions are made by the State Treasurer's Office. These funds are considered to be highly liquid and available for immediate use and, thus, are recorded as cash equivalents in these financial statements.

The funds held by the State of Delaware investment pool, an internal investment pool, are specifically identified for the School, but the credit risk cannot be categorized for these funds. Credit risk for such investments depends on the financial stability of the State of Delaware. The State reports that its investment securities are stated at quoted market prices, except that investment securities with a remaining maturity at time of purchase of one year or less are stated at cost or amortized cost.

At June 30, 2014, the reported amount of the School's deposits outside of the State Treasurer's Office was \$373. The bank balance at June 30, 2014 was \$604, all of which was covered by federal depository insurance.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

**NOTE 3      ACCOUNTS RECEIVABLE**

Accounts receivable represent receivables for revenues earned by the School. At June 30, 2014, receivables are as follows:

Passed through the State of Delaware:	
Local government - food service	\$     6,349
Federal government	<u>22,117</u>
 Total receivables	 <u>\$   28,466</u>

**NOTE 4      CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 is as follows:

	Beginning Balances	Additions	Deletions	Ending Balances
<b><i>Governmental Activities:</i></b>				
General capital assets not being depreciated:				
Construction-in-progress	\$   360,466	\$   910,779	\$ 1,271,245	\$           -
Total general capital assets not being depreciated	<u>360,466</u>	<u>910,779</u>	<u>1,271,245</u>	<u>             -</u>
 General capital assets being depreciated:				
Leasehold improvements	618,297	1,271,245	-	1,889,542
Furniture and equipment	<u>231,265</u>	<u>259,501</u>	<u>-</u>	<u>490,766</u>
Total general capital assets being depreciated	849,562	1,530,746	-	2,380,308
 Accumulated depreciation	<u>137,573</u>	<u>172,000</u>	<u>-</u>	<u>309,573</u>
 Total general capital assets being depreciated, net	<u>711,989</u>	<u>1,358,746</u>	<u>-</u>	<u>2,070,735</u>
 Governmental Activities, Net	<u>\$ 1,072,455</u>	<u>\$ 2,269,525</u>	<u>\$ 1,271,245</u>	<u>\$ 2,070,735</u>

Depreciation expense was charged to the following governmental activities:

Instructional services	\$     69,101
Operation and maintenance of facilities	<u>102,899</u>
	<u>\$   172,000</u>

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 LONG-TERM DEBT

The School signed non-interest bearing notes with four vendors to repay costs associated with the start-up of the School. Monthly payments on these notes vary from \$724 to \$5,000 per month. The notes will be settled by July 1, 2016. Details of these agreements are summarized in the chart below.

On June 28, 2013 the School obtained financing through a promissory note from Building Hope...A Charter School Facilities Fund. The promissory note was to be used to pay off a previous note with Building Hope...A Charter School Facilities Fund as well as to finance leasehold improvements. Funds were to be drawn down on the note as needed up to the principal balance of \$910,000. As of June 30, 2014, the School had drawn down the entire \$910,000. The note bears interest at 6.0 percent. Upon the drawdown of all funds, the note calls for monthly interest and principal payments through May 1, 2017 of \$10,103 with a balloon payment due June 1, 2017.

A schedule of changes in debt is as follows:

	Amounts Outstanding 7/1/2013	Additions	Retirements	Amounts Outstanding 6/30/2014	Due Within One Year
Governmental Activities:					
Notes payable	\$ 425,778	\$ 688,874	\$ 190,440	\$ 924,212	\$ 143,600
Compensated absences	115,089	-	27,314	87,775	-
Total Governmental Activities	<u>\$ 540,867</u>	<u>\$ 688,874</u>	<u>\$ 217,754</u>	<u>\$ 1,011,987</u>	<u>\$ 143,600</u>

A summary of the School's notes payable is as follows:

Description	Amount of Original Issue	Interest Rate	Maturity Date	Balance June 30, 2014
ASPIRA of Delaware	\$ 50,983	N/A	11/01/16	\$ 22,890
ASPIRA Association	150,000	N/A	03/15/15	43,201
Young, Conaway, Stargatt & Taylor, LLP	26,563	N/A	05/01/15	5,473
Building Hope	910,000	6.00%	06/01/17	852,648
				<u>924,212</u>
Less Current Portion				<u>143,600</u>
				<u>\$ 780,612</u>

The total principal and interest maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 143,600	\$ 49,863	\$ 193,463
2016	76,478	44,756	121,234
2017	<u>704,134</u>	<u>36,890</u>	<u>741,024</u>
Total	<u>\$ 924,212</u>	<u>\$ 131,509</u>	<u>\$ 1,055,721</u>



LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 FUND BALANCES

As of June 30, 2014, fund balances are composed of the following:

	General Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable	\$ 29,872	\$ -	\$ 29,872
Unassigned (Deficit)	(16,018)	-	(16,018)
Total Fund Balances	<u>\$ 13,854</u>	<u>\$ -</u>	<u>\$ 13,854</u>

NOTE 7 LEASING ARRANGEMENTS

Operating Lease

The School leases its building and copier equipment under operating lease arrangements. The building is operated under two separate leases, one for the classrooms and one for its gymnasium and art room. Both building operating leases expire July 31, 2015, with the option to renew up to four times for an additional five years each. The lease for the copier expires October 1, 2014. Total rental expense for the building for the year ended June 30, 2014 was \$311,575. Total expense paid under the copier lease was \$12,084 for the year ended June 30, 2014.

At June 30, 2014, the minimum future rental payments under noncancelable leasing arrangements for the remaining years and in the aggregate are as follows:

Year Ending June 30,

2015	\$ 319,501
2016	<u>26,316</u>
Minimum future rental payments required	<u>\$ 345,817</u>

NOTE 8 PENSION PLAN

Plan Description

School employees are considered state employees and are covered under the State of Delaware Employees' Pension Plan, which is a cost-sharing, multiple-employer defined benefit public employees' retirement system (the "State PERS"). The State of Delaware General Assembly is responsible for setting benefits and amending plan provisions. The State Board of Pension Trustees determines the contributions required. All eligible state employees are required to contribute to the pension plan according to Chapter 55, Title 29 of the Delaware Code.



LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

All full-time and regular part-time employees are eligible to participate in the State PERS. The State PERS provides pension, disability, and death benefits. Certain significant plan provisions follow:

- Early retirement:
  - a. 15 years service - age 55
  - b. 25 years service - any age
- Service retirement:
  - a. 15 years service - age 60 if hired prior to January 1, 2012;  
20 years service - age 60 if hired on or after January 1, 2012
  - b. 30 years service - any age
  - c. 5 years service - age 62 if hired prior to January 1, 2012;  
5 years service - age 65 if hired on or after January 1, 2012
- Disability retirement:
  - a. 5 years service and proof of disability
- Vested pension - an employee can vest pension rights after five years of service if hired prior to January 1, 2012. If hired after January 1, 2012, an employee can vest pension rights after ten years, five of which must be consecutive.

The State PERS issues a publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to the State of Delaware Public Employee Retirement System, McArdle Building, Suite 1, 860 Silver Lake Boulevard, Newark, DE 19904, or by calling 1-800-722-7300.

Funding Policy

Employees of the School are required to contribute three percent of earnings in excess of \$6,000. The School's contribution to the State PERS for the years ended June 30, 2014, 2013 and 2012 was \$427,855, \$295,366, and \$203,727, respectively.

NOTE 9 RISK MANAGEMENT

The School has purchased commercial insurance policies for various risks of loss related to torts; theft, damage, or destruction of assets; errors or omissions; injuries to employees; or acts of God. Payments of premiums for these policies are recorded as expenses of the School for the year ended June 30, 2014. There was no significant reduction in coverage compared to the prior year.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 10 COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are various outstanding commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The School does not anticipate losses from these transactions.

Grants

The School receives significant financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the State Office of Auditor of Accounts. Any disallowed claims resulting from such audits could become a liability of the general fund. The School's administration believes such disallowance, if any, would be immaterial.

Building Purchase

On April 8, 2014, the School entered into an agreement, pending the State of Delaware Department of Education's approval of the School's charter renewal, to purchase the school building for \$5,250,000. Upon signing the agreement, the School delivered a \$25,000 deposit that is being held in escrow. Settlement is to be held 30 days after the contingencies in the sales agreement are met or on January 15, 2015, whichever is later.

NOTE 11 EXCESS EXPENDITURES OVER APPROPRIATIONS

The School overspent budgetary appropriations in the following categories:

Salaries	\$	65,701
Employment costs	\$	550
Travel	\$	1,095
Transportation - buses	\$	936
Supplies and materials	\$	61,357
Property	\$	574,403
Equipment	\$	182,491
Interest on debt service	\$	55,948

The excess expenditures were covered by debt proceeds and the use of the School's available fund balance.

NOTE 12 RELATED PARTIES

The School also has outstanding debt with two related organizations, ASPIRA of Delaware and the ASPIRA Association. As of June 30, 2014, the amounts outstanding with the organizations were \$22,890 and \$43,201, respectively, which is included in the notes payable amount of \$924,212. Both notes are non-interest bearing.

LAS AMÉRICAS ASPIRA ACADEMY

NOTES TO FINANCIAL STATEMENTS

NOTE 13    SUBSEQUENT EVENTS

The School has evaluated all subsequent events through August 26, 2014, the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

**LAS AMÉRICAS ASPIRA ACADEMY**  
**BUDGETARY COMPARISON SCHEDULE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges to school districts	\$ 1,747,009	\$ 1,528,852	\$ 1,528,852	\$ -
State aid	2,725,369	2,923,552	2,936,075	12,523
Federal aid	281,010	281,010	249,174	(31,836)
Interest income	-	-	3,311	3,311
Food service revenue	153,426	151,603	63,052	(88,551)
Other local revenues	119,396	363,885	21,762	(342,123)
After care	84,139	127,115	118,443	(8,672)
Donations	34,562	-	65,668	65,668
Summer camp	26,700	27,933	28,850	917
Contingency	-	54,468	-	(54,468)
<b>TOTAL REVENUES</b>	<u>5,171,611</u>	<u>5,458,418</u>	<u>5,015,187</u>	<u>(443,231)</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	1,966,493	2,085,582	2,151,283	(65,701)
Employment costs	891,374	929,500	930,050	(550)
Travel	12,669	14,659	15,754	(1,095)
Contractual services	626,212	633,503	540,576	92,927
Communications	5,577	12,577	11,463	1,114
Public utilities service	75,881	83,888	76,319	7,569
Insurance	28,458	24,861	24,861	-
Transportation - buses	277,000	277,000	277,936	(936)
Repairs and maintenance	52,370	57,900	53,540	4,360
Supplies and materials	359,026	368,307	429,664	(61,357)
Capital outlays:				
Property	180,000	182,000	756,403	(574,403)
Equipment	209,319	239,500	421,991	(182,491)
Debt service:				
Principal	246,721	241,211	190,440	50,771
Interest	-	-	55,948	(55,948)
<b>TOTAL EXPENDITURES</b>	<u>4,931,100</u>	<u>5,150,488</u>	<u>5,936,228</u>	<u>(785,740)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	240,511	307,930	(921,041)	(1,228,971)
<b>OTHER FINANCING SOURCES</b>				
Debt proceeds	-	-	688,874	688,874
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>688,874</u>	<u>688,874</u>
<b>NET CHANGE IN FUND BALANCE</b>	240,511	307,930	(232,167)	(540,097)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>246,021</u>	<u>246,021</u>	<u>246,021</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 486,532</u>	<u>\$ 553,951</u>	<u>\$ 13,854</u>	<u>\$ (540,097)</u>

NOTE: The School's budget is presented on the modified accrual basis of accounting.

## SUPPLEMENTARY INFORMATION



**LAS AMÉRICAS ASPIRA ACADEMY**  
**COMBINING BALANCE SHEET - GENERAL FUND**  
**JUNE 30, 2014**

	State Allocation	Local Funding	Federal Funding	Total
<b>ASSETS</b>				
Cash and pooled cash	\$ 25,848	\$ 363,086	\$ -	\$ 388,934
Accounts receivable	-	6,349	22,117	28,466
Prepaid assets	-	29,872	-	29,872
Deposit on building	-	25,000	-	25,000
<b>TOTAL ASSETS</b>	<u><u>\$ 25,848</u></u>	<u><u>\$ 424,307</u></u>	<u><u>\$ 22,117</u></u>	<u><u>\$ 472,272</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 25,175	\$ 34,727	\$ 11,862	\$ 71,764
Accrued salaries	-	316,619	8,626	325,245
Due to State of Delaware - pension costs	-	59,780	1,629	61,409
<b>TOTAL LIABILITIES</b>	<u>25,175</u>	<u>411,126</u>	<u>22,117</u>	<u>458,418</u>
<b>FUND BALANCES</b>				
Nonspendable	-	29,872	-	29,872
Unassigned (Deficit)	673	(16,691)	-	(16,018)
<b>TOTAL FUND BALANCES</b>	<u>673</u>	<u>13,181</u>	<u>-</u>	<u>13,854</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 25,848</u></u>	<u><u>\$ 424,307</u></u>	<u><u>\$ 22,117</u></u>	<u><u>\$ 472,272</u></u>

**LAS AMÉRICAS ASPIRA ACADEMY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	State Allocation	Local Funding	Federal Funding	Total
<b>REVENUES</b>				
Charges to school districts	\$ -	\$ 1,528,852	\$ -	\$ 1,528,852
State aid	2,936,075	-	-	2,936,075
Federal aid	-	-	167,872	167,872
Interest income	-	3,311	-	3,311
Food service revenue	-	40,526	103,828	144,354
Other local revenues	-	21,762	-	21,762
After care	-	118,443	-	118,443
Donations	-	65,308	-	65,308
Summer camp	-	28,850	-	28,850
<b>TOTAL REVENUES</b>	<u>2,936,075</u>	<u>1,807,052</u>	<u>271,700</u>	<u>5,014,827</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	2,326,890	901,167	114,493	3,342,550
Operation and maintenance of facilities	239,402	378,066	-	617,468
Transportation	108,967	168,969	-	277,936
Food services	103,763	65,221	103,828	272,812
Capital outlays:				
Property	4,242	-	-	4,242
Equipment	86,373	282,239	53,379	421,991
Debt Service:				
Principal	35,245	155,195	-	190,440
Interest	55,948	-	-	55,948
<b>TOTAL EXPENDITURES</b>	<u>2,960,830</u>	<u>1,950,857</u>	<u>271,700</u>	<u>5,183,387</u>
<b>NET CHANGE IN FUND BALANCES</b>	(24,755)	(143,805)	-	(168,560)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>25,428</u>	<u>156,986</u>	<u>-</u>	<u>182,414</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 673</u>	<u>\$ 13,181</u>	<u>\$ -</u>	<u>\$ 13,854</u>

**LAS AMÉRICAS ASPIRA ACADEMY**  
**SCHEDULE OF EXPENDITURES BY NATURAL CLASSIFICATION -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

EXPENDITURES	
Current:	
Salaries	\$ 2,151,283
Employment costs	930,050
Travel	15,754
Contractual services	540,576
Communications	11,463
Public utilities service	76,319
Insurance	24,861
Transportation - buses	277,936
Repairs and maintenance	53,540
Supplies and materials	429,664
Capital outlays:	
Property	756,403
Equipment	421,991
Debt service:	
Principal	190,440
Interest	55,948
TOTAL EXPENDITURES	<u>\$ 5,936,228</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

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August 26, 2014

Board of Directors  
Las Américas ASPIRA Academy  
Newark, Delaware

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Las Américas ASPIRA Academy, Newark, Delaware as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Las Américas ASPIRA Academy's (the "School's") basic financial statements, and have issued our report thereon dated August 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Las Américas ASPIRA Academy's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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 School's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors  
Las Américas ASPIRA Academy

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Barbacane, Thornton & Company LLP*  
BARBACANE, THORNTON & COMPANY LLP



LAS AMÉRICAS ASPIRA ACADEMY

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

12-4 LACK OF A CAPITAL ASSET INVENTORY LISTING

Condition: The School does not maintain a listing or inventory of all its capital asset items, including items like furniture and fixtures (desks, chairs, marker boards, etc.), equipment (computers, projectors, refrigerators, etc.), and building or leasehold improvements.

Cause: Failure to record a listing of capital asset items.

Criteria: An entity should maintain an accurate record of all its capital assets to accurately reflect total assets and its financial position.

Effect: Failure to properly track capital assets can lead to difficulty in determining total assets held by the School and, consequently, cause the financial statements to not fairly represent the School's actual financial position.

Recommendation: We recommended that management take an inventory listing of all its fixed assets that the School has title to, and create and maintain a schedule of those assets, including all additions and disposals that may occur.

Status: During our current year audit, we noted that the School has completed an inventory of its capital assets and has completed a capital asset listing schedule complete with depreciation calculations. Therefore, this recommendation is no longer applicable.

12-6 BIDS NOT OBTAINED FOR CONSTRUCTION PROJECT

Condition: A bid was not obtained for the School's renovation project.

Cause: Work on the School's renovation was required to be started and completed quickly, and management did not have time to follow proper bid acquisition procedures.

Criteria: Bids should be obtained from several vendors for any major service provided to ensure that the School will only contract with vendors fairly pricing their services.

Effect: Failure to obtain bids from multiple vendors may cause a user of the financial statements to question the legitimacy of the transaction and, also, wonder if the vendor is a related party. Even if the transaction with the vendor is not a related party, a user may question whether the transaction was completed at arm's length.

Recommendation: We recommended that a policy be established that will require the School to obtain bids from several vendors before undertaking a major project and that only qualified vendors who submit bids that are fairly priced be considered.

Status: During our current year audit, we noted that the School developed and adopted a procurement policy which details the competitive bidding process. Therefore, this recommendation is no longer applicable.

LAS AMÉRICAS ASPIRA ACADEMY

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.