

Doral Academy Charter Middle School
(A charter school under
The Doral Academy, Inc.)
(A Charter School and Component Unit
of the School Board of Miami Dade County, Florida)

Doral, Florida

Financial Statements and
Independent Auditor's Report

June 30, 2014

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Doral Academy Charter Middle School

W/L #: 6030

2601 NW 112 Avenue
Doral, FL 33172

2013-2014

BOARD OF DIRECTORS

Angela Ramos, President and Chair
Luis Fuste, Vice Chair and Treasurer, Director
Rene Rovirosa, Secretary, Director
Kim Guilarte

SCHOOL ADMINISTRATION

Douglas Rodriguez, Principal

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Doral Academy Charter Middle School
Doral, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Doral Academy Charter Middle School (the "School"), a charter school under The Doral Academy, Inc., which is a component unit of the District School Board of Miami-Dade County, as of, and for the year ended June 30, 2014, which collectively comprises 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 of America. 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 entity'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 entity'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 Doral Academy Charter Middle School at June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Doral Academy Charter Middle School at June 30, 2014, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of The Doral Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of The Doral Academy, Inc. as of June 30, 2014 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2014, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 31 through 32 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 29, 2014

Management's Discussion and Analysis
Doral Academy Middle School
(A Charter School Under The Doral Academy, Inc.)
June 30, 2014

The corporate officers of the Doral Academy Charter Middle School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2014.

Financial Highlights

1. The net position of the School at June 30, 2014 was \$5,568,928.
2. At year-end, the School had current assets on hand of \$3,837,775.
3. The net position of the School increased by \$867,662 during the year.
4. The unassigned fund balance at year end was \$3,089,055.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2014 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows of resources, liabilities, deferred inflows of resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

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

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund Financial Statements

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

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

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 12 - 16 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 17 – 30 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by \$5,568,928 at the close of the fiscal year. A summary of the School's net position as of June 30, 2014 and 2013 are as follows:

	2014	2013
Cash and cash equivalents	\$ 3,380,659	\$ 3,310,038
Prepaid expenses	363,568	251,975
Deposits receivable	32,137	32,137
Due from other agencies	56,043	30,970
Due from other charter schools and affiliates	5,368	-
Due from other charter schools, long-term	825,485	325,485
Capital Assets, net	1,290,820	1,122,013
Total Assets	5,954,080	5,072,618
Deferred outflows of resources	-	-
Salaries and wages payable	385,152	371,352
Total Liabilities	385,152	371,352
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets and long term receivables	2,116,305	1,447,498
Unrestricted	3,452,623	3,253,768
Total Net Position	\$ 5,568,928	\$ 4,701,266

At the end of the fiscal year, the School is able to report positive balances in total net position.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
REVENUES		
Program Revenues		
Operating grants and contributions	\$ 34,463	\$ 30,273
Capital outlay funding	741,080	541,587
Lunch program	355,181	357,227
General Revenues		
Local sources (FTE non specific)	7,781,803	6,352,339
Charges for services	815,947	863,397
Other revenue	49,547	4
Total Revenues	<u>\$9,778,021</u>	<u>\$8,144,827</u>
EXPENSES		
Component Unit Activities:		
Instruction	\$4,699,960	\$3,784,467
Instructional staff training	21,810	6,709
Board	20,367	18,675
School administration	1,252,932	885,419
Facilities acquisition	55,380	56,561
Fiscal services	196,650	172,050
Food services	318,457	428,249
Central services	215,447	184,525
Pupil transportation services	179	-
Operation of plant	1,918,315	1,836,164
Maintenance of plant	179,045	180,666
Community services	31,817	20
Total Expenses	<u>8,910,359</u>	<u>7,553,505</u>
Increase in Net Position	867,662	591,322
Net Position at Beginning of Year	<u>4,701,266</u>	<u>4,109,944</u>
Net Position at End of Year	<u>\$5,568,928</u>	<u>\$4,701,266</u>

Student enrollment increased for 2014 by approximately 160 students. During the year, Doral Academy Middle School's revenues and expenses increased by \$1,633,194 and \$1,356,854, respectively. The State appropriated a per student funding amount slightly larger than the amount appropriated for the 2012-13 school year.

School Location and Lease of Facility

The School leases a facility located at 2601 N.W. 112th Avenue, Miami, Florida 33172. The facility abuts the neighboring Doral Academy Charter High School.

Capital Improvement Requirements

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

Accomplishments

In 2014, Doral Academy Charter Middle School successfully completed its eleventh year of operation, and earned a letter grade of “A” for the eleventh consecutive year. Based on the points the school received under the State of Florida Accountability Program, Doral Academy Middle ranked among the highest performing middle schools in all of Miami-Dade County.

This past year, Doral Academy Middle students were recognized for various accomplishments throughout the year:

- The Middle School Dance team competed at the American Dance Alliance Regional Competition and earned Superior Rating in both, Open and Jazz Large Category, and third place at the Middle School Soloist. At the American Dance Alliance State Competition they earned 2nd place in the Open category and 6th in Jazz Large category.
- The Middle School Keyboard students received 19 Superior Medals at the district level.
- A student from Doral Middle TV Production Program received third place at the Florida Scholastic Press Association District 6 Competition for “On-the-Spot News Anchor.”
- At the Junior Orange Bowl Middle School competition, students earned several 1st and 2nd place awards.
- The Doral Math Middle School team had several top finishers in the Ferguson Middlementary Bonanza competition, and many 6th, 7th and 8th graders won individual trophies at a wide variety of math competitions.
- The 8th grade Math Counts team won the Miami-Dade Math competition. Doral math Academy finished in 20th place in the state at the FAMAT State Convention. The top three 8th grade students earned 640, 680 and 700 on the math portion of an actual SAT test.

Doral Academy Charter Middle School is fully accredited by AdvancED under the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS-CASI) division. Additionally, as part of the Doral Academy network of high performing charter schools, Doral Academy Middle is in the process of soliciting district accreditation through AdvancED.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

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

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported a fund balance of \$3,452,623. The fund balance unassigned and available for spending at the School's discretion is \$3,089,055. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets as of June 30, 2014 amounts to \$1,290,820 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and computer equipment. As of June 30, 2014, the School had no long-term debt associated to its capital assets.

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for the governmental fund to demonstrate compliance with the School's budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
State capital outlay funding	\$ 620,000	\$ 741,080	\$ 741,080
Federal sources	34,000	34,000	34,463
Lunch program	345,000	344,000	355,181
Charges for services	520,000	810,000	815,947
General Revenues			
FTE nonspecific revenues	7,882,000	7,717,000	7,781,803
Charges and other revenues	40,000	48,000	49,547
Total Revenues	<u>\$ 9,441,000</u>	<u>\$ 9,694,080</u>	<u>\$ 9,778,021</u>
CURRENT EXPENDITURES			
Component Unit Activities			
Instruction	\$ 4,339,812	\$ 4,600,000	\$ 4,580,787
Instructional staff training	25,000	25,000	21,810
Board	22,000	25,000	20,367
School administration	1,335,000	1,300,000	1,247,357
Fiscal services	240,000	200,000	196,650
Food services	379,000	320,000	317,468
Central services	220,692	220,000	215,447
Pupil transportation services	-	500	179
Operation of plant	1,820,000	1,941,080	1,932,899
Maintenance of plant	180,000	20,000	176,805
Community Services	35,000	35,000	31,817
Total Current Expenditures	<u>\$ 8,596,504</u>	<u>\$ 8,686,580</u>	<u>\$ 8,741,586</u>

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC, 6340 Sunset Drive, Miami, Florida 33143.

Doral Academy Charter Middle School
(A charter school under The Doral Academy, Inc.)

Statement of Net Position
June 30, 2014

Assets

Current assets:

Cash and cash equivalents	\$ 3,380,659
Prepaid expenses	363,568
Deposits and other receivables	32,137
Due from other agencies	56,043
Due from other charter schools and affiliates	5,368
Total current assets	<u>3,837,775</u>

Capital assets, non-depreciable	242,662
Capital assets, depreciable	2,687,151
Less: accumulated depreciation	<u>(1,638,993)</u>
	<u>1,290,820</u>

Due from other charter school, long-term	<u>825,485</u>
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Total Assets	<u>5,954,080</u>
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<u>Deferred Outflows of Resources</u>	<u>-</u>
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Liabilities

Current liabilities:

Salaries and wages payable	<u>385,152</u>
Total Liabilities	<u>385,152</u>

<u>Deferred Inflows of Resources</u>	<u>-</u>
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Net Position:

Net investment in capital assets and long term receivables	2,116,305
Unrestricted	<u>3,452,623</u>
Total Net Position	<u>\$ 5,568,928</u>

The accompanying notes are an integral
part of this financial statement.

Doral Academy Charter Middle School
(A charter school under The Doral Academy, Inc.)

Statement of Activities

For the year ended June 30, 2014

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 4,699,960	\$ 468,668	\$ 34,463	\$ -	\$ (4,196,829)
Instructional staff training	21,810	-	-	-	(21,810)
Board	20,367	-	-	-	(20,367)
School administration	1,252,932	72,600	-	-	(1,180,332)
Facilities acquisition	55,380	-	-	-	(55,380)
Fiscal services	196,650	-	-	-	(196,650)
Food services	318,457	85,596	269,585	-	36,724
Central services	215,447	-	-	-	(215,447)
Pupil transportation services	179	-	-	-	(179)
Operation of plant	1,918,315	263,067	-	741,080	(914,168)
Maintenance of plant	179,045	-	-	-	(179,045)
Community services	31,817	11,612	-	-	(20,205)
Total governmental activities	8,910,359	901,543	304,048	741,080	(6,963,688)
General revenues:					
FTE nonspecific revenues					7,781,803
Other revenues					49,547
Change in net position					867,662
Net position, beginning					4,701,266
Net position, ending					<u>\$ 5,568,928</u>

The accompanying notes are an integral
part of this financial statement.

Doral Academy Charter Middle School
(A charter school under The Doral Academy, Inc.)

Balance Sheet - Governmental Funds
June 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 3,380,659	\$ -	\$ 3,380,659
Prepaid expenses	363,568	-	363,568
Deposits and other receivables	32,137	-	32,137
Due from other charter schools and affiliates	5,368	-	5,368
Due from other agencies	-	56,043	56,043
Due from fund	56,043		56,043
Total Assets	<u>3,837,775</u>	<u>56,043</u>	<u>3,893,818</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>			
Salaries and wages payable	385,152	-	385,152
Due to fund		56,043	56,043
Total Liabilities	<u>385,152</u>	<u>56,043</u>	<u>441,195</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance</u>			
Nonspendable, not in spendable form	363,568	-	363,568
Unassigned	3,089,055	-	3,089,055
	<u>3,452,623</u>	<u>-</u>	<u>3,452,623</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,837,775</u>	<u>\$ 56,043</u>	<u>\$ 3,893,818</u>

The accompanying notes are an integral
part of this financial statement.

Doral Academy Charter Middle School
(A charter school under The Doral Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
For the year ended June 30, 2014

Total Fund Balance - Governmental Funds	\$ 3,452,623
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets of \$2,929,813 net of accumulated depreciation of \$1,638,993 used in governmental activities are not financial resources and therefore are not reported in the fund.	1,290,820
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Long term receivables from other charter schools in governmental activities are not financial resources and therefore are not reported in the governmental funds.	<u>825,485</u>
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Total Net Position - Governmental Activities	<u>\$ 5,568,928</u>
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The accompanying notes are an integral
part of this financial statement.

Doral Academy Charter Middle School
(A charter school under The Doral Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
State capital outlay funding	\$ -	\$ 741,080	\$ 741,080
State passed through local	7,781,803	-	7,781,803
Federal school lunch program		269,585	269,585
Lunch fees	-	85,596	85,596
Federal sources	-	34,463	34,463
Charges for services	815,947		815,947
Other revenue	49,547	-	49,547
Total Revenues	8,647,297	1,130,724	9,778,021
Expenditures:			
Current			
Instruction	4,580,787	-	4,580,787
Instructional staff training	21,810	-	21,810
Board	20,367	-	20,367
School administration	1,247,357		1,247,357
Food services	-	317,468	317,468
Facilities acquisition	-	-	-
Fiscal services	196,650	-	196,650
Central services	215,447	-	215,447
Pupil transportation services	179	-	179
Operation of plant	1,191,819	741,080	1,932,899
Maintenance of plant	176,805	-	176,805
Community Services	31,817	-	31,817
Capital Outlay:			
Other capital outlay	303,117	34,463	337,580
Total Expenditures	7,986,155	1,093,011	9,079,166
Excess (deficit) of revenues over expenditures	661,142	37,713	698,855
Other financing sources (uses)			
Transfers in (out)	37,713	(37,713)	-
Long term advances to other schools	(500,000)	-	(500,000)
Net change in fund balance	198,855	-	198,855
Fund Balance at beginning of year	3,253,768	-	3,253,768
Fund Balance at end of year	\$ 3,452,623	\$ -	\$ 3,452,623

The accompanying notes are an integral
part of this financial statement.

Doral Academy Charter Middle School
(A charter school under The Doral Academy, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2014

Net Change in Fund Balance - Governmental Funds	\$ 198,855
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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, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$337,580 exceed depreciation expense net of reclassification of \$168,773.	168,807
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Issuance of long term receivables represents a financial expenditure to governmental funds, but increases long-term assets in the statement of net position. Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. This is the amount by which the increase in long term receivables exceeded the collections of \$0 in the current period.	<u>500,000</u>
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Change in Net Position of Governmental Activities	<u>\$ 867,662</u>
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The accompanying notes are an integral part of this financial statement.

Doral Academy Charter Middle School
(A charter school under The Doral Academy, Inc.)

Statement of Net Position - Fiduciary Funds
June 30, 2014

Assets

Cash	\$ 41,271
Total Assets	41,271

Deferred Outflows of Resources

-

Liabilities

Due to students and clubs	41,271
Total Liabilities	41,271

Deferred Inflows of Resources

-

Net position

\$ -

The accompanying notes are an integral
part of this financial statement.

Doral Academy Charter Middle School

(A charter school under The Doral Academy, Inc.)

Notes to Financial Statements

June 30, 2014

Note 1 – Summary of Significant Accounting Policies

Doral Academy Charter Middle School (the "School"), is a component unit of the School Board of Miami-Dade County, Florida (the "District"). The School's charter is held by The Doral Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of The Doral Academy, Inc., which is composed of four members and also governs other charter schools.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expires on June 30, 2028 and is renewable for an additional term pursuant to law and/or by a mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charters expiration. During the term of the charter, the District may terminate the charter if good cause is shown.

The School is located in Doral, Florida for students from sixth through eighth grades. These financial statements are for the year ended June 30, 2014, when approximately 1,307 students were enrolled for the school year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

New Accounting Pronouncements

For the year ended June 30, 2013, the School implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. Deferred outflows of resources represent consumption of resources that is applicable to future reporting periods that will be reported in a separate section after assets. Deferred inflows of resources represent acquisition of resources that is applicable to future reporting periods that will be reported in a separate section after liabilities. This change was incorporated in the School's financial statements; however there was no effect on beginning net position/fund balance.

Doral Academy Charter Middle School

(A charter school under The Doral Academy, Inc.)

Notes to Financial Statements

June 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

Additionally, the School implemented GASB Statement No. 65, “Items previously reported as Assets and Liabilities.” GASB 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This change was incorporated in the School’s financial statements; however there was no effect on beginning net position/fund balance.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds, even though the fiduciary funds are not included in the government-wide financial statements. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

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.

Special Revenue Fund - accounts for specific revenue, such as capital outlay funding and federal lunch program that are legally restricted to expenditures for particular purposes.

Agency Fund – accounts for resources of the School’s Internal Fund, which is used to administer monies collected at the schools in connection with school, student athletics, class, and club activities.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full 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.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Deposits and Investments

All deposits are held in major banks and high grade investments. The School has not adopted a formal investment policy; however the School invests excess deposit funds in collateralized repurchase agreements. Cash and cash equivalents include all highly liquid investments with a maturity of three months or less. All deposits and investments in repurchase agreements are carried at cost plus accrued interest.

Due from Other Governments or Agencies

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

Inter-fund Transfers

Outstanding balances between funds are reported as “due to/from other funds.” Inter-fund transfers are made to move any excess or shortage of funds derived from the National School Lunch Program from the Special Revenue Fund to the General Fund.

Capital Assets

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

Improvements	10-39 Years
Furniture, Equipment, and Computers	5 Years
Textbooks and Software	3 Years

Doral Academy Charter Middle School

(A charter school under The Doral Academy, Inc.)

Notes to Financial Statements

June 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

In addition, the School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities.

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

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period (a "benefit year"). In the event that available time is not used by the end of the benefit year, employees may "rollover" all unused days for use in future benefit years. There is an opportunity to "cash out" unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Income Taxes

The Doral Academy, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Net Position and Fund Balance Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets and long term receivables - consists of long term receivables and capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets and long term receivables."

Fund financial statements

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Doral Academy Charter Middle School

(A charter school under The Doral Academy, Inc.)

Notes to Financial Statements

June 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). All nonspendable fund balances at year end relate to not in spendable form assets.
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. There are no restricted fund balances at year end.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 29, 2014, which is the date the financial statements were available to be issued.

Note 2 – Deposits and Investments

Deposits

The School maintains its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2014, the School's deposits and investments was \$4,348,284; of which \$338,284 consisted of bank balances and \$4,010,000 was fully collateralized under a repurchase agreement with Regions Bank (the "Bank").

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Doral Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Doral Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2014, bank balances in potential excess of FDIC coverage totaled \$414,039; including fiduciary account bank balances.

Investments and Credit Risk

Custodial credit risk for deposits is the risk that in the event of a failure of a depository financial institution, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2014, all of the School's investments in repurchase agreements were held as part of the Bank's investment portfolio.

The School has not formally approved an investment policy regarding custodial credit risk; however it mitigates its credit risk by maintaining excess funds available in overnight repurchase agreements. Amounts invested in repurchase agreements are secured obligations collateralized by securities that include: non-callable U.S. Government and Agency Securities; Callable and Structured Agency Securities; Agency Mortgage-Backed Securities guaranteed by a federal agency, Bonds issued by government sponsored enterprises, Freddie Mac and Fannie Mae. Amounts invested in repurchase agreements are not insured by the FDIC and are subject to investment risks, including possible loss of principal invested, and if the Bank fails the School will become a secured creditor and may become an unsecured general creditor to the extent the market value of the securities used as collateral falls below the outstanding amount of repurchase obligations to the School.

Doral Academy Charter Middle School
(A charter school under The Doral Academy, Inc.)
Notes to Financial Statements
June 30, 2014

Note 3 –Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2014:

	Balance 07/01/13	Additions	Retirements / Reclassification	Balance 06/30/14
Capital Assets, non-depreciable:				
Construction in progress	\$ -	\$ 242,662	\$ -	\$ 242,662
Total Capital Assets, non-depreciable	-	242,662	-	242,662
Capital Assets, depreciable:				
Buildings and improvements	1,200,019	7,593	-	1,207,612
Computer equipment and software	220,592	67,070	-	287,662
Furniture, equipment and textbooks	1,171,622	20,255	-	1,191,877
Total Capital Assets, depreciable	2,592,233	94,918	-	2,687,151
Total Capital Assets	2,592,233	337,580	-	2,929,813
Less Accumulated Depreciation:				
Buildings and improvements	(299,997)	(27,582)	-	(327,579)
Computer equipment and software	(193,239)	(19,861)	35,921	(177,179)
Furniture, equipment and textbooks	(976,984)	(121,330)	(35,921)	(1,134,235)
Total Accumulated Depreciation	(1,470,220)	(168,773)	-	(1,638,993)
Capital Assets, net	\$ 1,122,013	\$ 168,807	\$ -	\$ 1,290,820

For the fiscal year ended June 30, 2014, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$ 119,173
Facilities acquisition	40,796
Maintenance of plant	2,240
Food services	989
School administration	5,575
Total Depreciation Expense	\$ 168,773

Note 4 –Management Agreement

Academica Dade, LLC, a professional charter school management company, provides management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and the management company calls for a fee of \$450 per full time equivalent (FTE) student per year.

Doral Academy Charter Middle School

(A charter school under The Doral Academy, Inc.)

Notes to Financial Statements

June 30, 2014

Note 4 –Management Agreement

The agreement is with Doral Academy, Inc. for a period of five years, through June 30, 2017, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2014, the School incurred approximately \$590,000, in management fees and prepaid approximately \$50,000 in management fees.

Academica Dade, LLC is located at 6340 Sunset Drive, Miami, Florida 33143 and its officers are:

Fernando Zulueta, President

Magdalena Fresen, Vice President and Treasurer

Ignacio Zulueta, Vice President

Collette Papa, Secretary

Note 5 –Transactions with other divisions of Doral Academy, Inc.Charter Schools under The Doral Academy, Inc.

The School's facility is shared with Doral Academy of Technology, Doral Performing Arts and Entertainment Academy and Doral Academy High School (charter schools under The Doral Academy, Inc.). Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment and usage of facilities and staff to these schools.

During 2014, the School reimbursed approximately \$102,000 to Doral Academy High School for certain instructional personnel costs.

The School's lunch program is shared with various other charter schools under The Doral Academy, Inc. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements. As of June 30, 2014, total reimbursements received by The Doral Academy, Inc. on behalf of the School for the lunch program was approximately \$270,000.

During 2014, the School charged Doral Academy of Technology for the use of shared facilities, staff and other operating costs under a usage fee agreement. The term of the agreement is through June 30, 2014, with an option to renew annually. Total usage fees charged under the agreement totaled approximately \$786,000. In addition, the School holds the student activities fund of Doral Academy of Technology.

Doral Academy Charter Middle School

(A charter school under The Doral Academy, Inc.)

Notes to Financial Statements

June 30, 2014

Note 5 – Transactions with other divisions of Doral Academy, Inc. (continued)

During 2014, the School was charged by Doral Academy High School for the use of shared facilities under a usage fee agreement. The term of the agreement is through June 30, 2014, with an option to renew annually. Total usage fees paid under the agreement totaled approximately \$88,000.

The following schedule provides a summary of changes in long-term receivables for the year ended June 30, 2014. The long term receivable is due within three years and secured by the capital assets of each respective charter school.

	Balance 07/1/2013	Additions	Deletions	Balance 06/30/2014
Doral Academy of Technology	\$ 325,485	\$ -	\$ -	\$ 325,485
Doral Academy High School	-	500,000	-	500,000
Total Long Term Receivable	<u>\$ 325,485</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 825,485</u>

The Doral Academy, Inc.

The Doral Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. The School paid The Doral Academy, Inc. approximately \$131,000 in connection with these charges during the year.

Note 6 – Commitments and Contingencies

The School entered into a lease and security agreement with School Development II, LLC (the “Landlord”, an affiliate of the School’s management company – Note 4) for its 65,164 square foot building including all ancillary facilities, outdoor areas and other improvements. Fixed initial annual payments under this agreement are based on a rate of \$18.25 per square footage of the building, which amount to approximately \$1,190,000 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance.

The agreement continues through August 15, 2024 with an option to renew for an additional five year term.

Note 6 – Commitments and Contingencies (continued)

Under the agreement, the School must meet certain covenants and requirements, including a “Lease Payment Coverage Ratio” or not less than 1.10 to 1.00. In addition, the School is required under the terms of the lease agreements to maintain a reserve for property expenses such as repairs, maintenance, taxes and insurance equal to 5% of their gross revenues for the fiscal year. As of June 30, 2014, the required reserve was waived by the landlord for the 2013-2014 school year.

Finally, under this agreement the School has granted a first lien on its pledged revenues, which include all revenues collected by the school from the Florida Department of Education, the District, and all other sources.

With the Landlord’s consent, the School made additional improvements to the leased premises with its own funds, generally described as a cafeteria building and other improvements. The landlord has agreed that no additional fixed rent is due in connection with these tenant improvements, however the School will pay any items of additional rent affected by the tenant improvements, including utilities and insurance. Upon expiration of the existing lease and security agreement, as so long as there is no material default at such time under the lease, the Landlord will make a contribution to the School in an amount equal to the unamortized original cost of the tenant improvements. Timely payment of such amount is unconditionally and irrevocably guaranteed in full by the landlord’s members. Based on this understanding, the School is depreciating these particular tenant improvements using a 39-year useful life.

For 2014, rent expense totaled \$1,514,218, out which approximately \$1,493,000 related to facility lease. As of June 30, 2014, there was prepaid rent of approximately \$125,000.

Future minimum payments under these leases are as follows:

<u>Year</u>	
2015	\$1,532,000
2016	\$1,532,000
2017	\$1,532,000
2018	\$1,532,000
2019	\$1,532,000
2020-2024	\$7,660,000 (Total for five-year period)

Note 6 – Commitments and Contingencies (continued)

Contingencies

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

The School participates in a number of Federal and State grant programs which are subject to audit in accordance with Office of Management and Budget Circular A-133 “Audits of States, Local Governments, and Non-Profit Organizations”. The School expects such expenditures, if any, which may be disallowed by the granting agencies to be immaterial.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2014, administrative fees withheld by the School District totaled \$28,853.

Construction Contract

At June 30, 2014, the School had uncompleted construction contracts and other contractual commitments related to the improvements of the School. The contract pertains to the artificial turf installation for the football and softball fields. As of June 30, 2014, the School capitalized \$242,662. The School has a remaining commitment of approximately \$566,000 at year end.

Note 7 – Related Party Transactions

During the school year, the School paid Somerset Virtual Academy, an entity affiliated by common management, approximately \$32,000 in fees relating to use of its education technology.

Note 8 – Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

Doral Academy Charter Middle School

(A charter school under The Doral Academy, Inc.)

Notes to Financial Statements

June 30, 2014

Note 9 – Defined Contribution Retirement Plan

The School's personnel, who are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School provides a match of 50% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$33,652 for the year ended June 30, 2014. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by MassMutual Financial Group.

REQUIRED SUPPLEMENTARY INFORMATION

Doral Academy Charter Middle School
(A charter school under The Doral Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2014

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 7,882,000	\$ 7,717,000	\$ 7,781,803
Charges for services	520,000	810,000	815,947
Other revenue	40,000	48,000	49,547
Total Revenues	8,442,000	8,575,000	8,647,297
EXPENDITURES			
Current:			
Instruction	4,339,812	4,600,000	4,580,787
Instructional Staff Training	25,000	25,000	21,810
Board	22,000	25,000	20,367
School Administration	1,335,000	1,300,000	1,247,357
Fiscal Services	240,000	200,000	196,650
Central Services	220,692	220,000	215,447
Pupil transportation services	-	500	179
Operation of Plant	1,200,000	1,200,000	1,191,819
Maintenance of Plant	180,000	20,000	176,805
Community Services	35,000	35,000	31,817
Total Current Expenditures	7,597,504	7,625,500	7,683,038
Excess of Revenues			
Over Current Expenditures	844,496	949,500	964,259
Capital Outlay	205,000	400,000	303,117
Total Expenditures	7,802,504	8,025,500	7,986,155
Excess of Revenues Over Expenditures	639,496	549,500	661,142
Other financing sources (uses):			
Transfers in (out)	-	23,000	37,713
Long term advances to other schools	-	(500,000)	(500,000)
Net change in fund balance	639,496	72,500	198,855
Fund Balance at beginning of year	3,253,768	3,253,768	3,253,768
Fund Balance at end of year	\$ 3,893,264	\$ 3,326,268	\$ 3,452,623

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Doral Academy Charter Middle School
(A charter school under The Doral Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2014

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 620,000	\$ 741,080	\$ 741,080
Federal sources	34,000	34,000	34,463
Federal school lunch program	260,000	260,000	269,585
Lunch program	85,000	84,000	85,596
Total Revenues	999,000	1,119,080	1,130,724
EXPENDITURES			
Current:			
Food services	379,000	320,000	317,468
Operation of Plant	620,000	741,080	741,080
Total Current Expenditures	999,000	1,061,080	1,058,548
Excess of Revenues			
Over Current Expenditures	-	58,000	72,176
Capital Outlay		35,000	34,463
Total Expenditures	999,000	1,096,080	1,093,011
Excess of Revenues Over Expenditures	-	23,000	37,713
Other financing sources (uses)			
Transfers in (out)		(23,000)	(37,713)
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



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*

Board of Directors of
Doral Academy Charter Middle School
Doral, Florida

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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Doral Academy Charter Middle School (the "School") 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 and have issued our report thereon dated August 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting 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 entity'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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*.

We issued in a separate management letter pursuant to Chapter 10.850, Rules of Auditor General dated August 29, 2014.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 29, 2014

MANAGEMENT LETTER

Board of Directors of
Doral Academy Charter Middle School
Doral, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Doral Academy Charter Middle School as of and for the year ended June 30, 2014 and have issued our report thereon dated August 29, 2014.

Auditor's Responsibility

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.

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosure in those reports, which are dated August 29, 2014, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See status of prior year's findings below.

Financial Condition

Sections 10.854(1)(e)2, and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not Doral Academy Charter Middle School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Doral Academy Charter Middle School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition (Continued)

Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for Doral Academy Charter Middle School. It is management's responsibility to monitor Doral Academy Charter Middle School financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. We have applied such procedures as of the fiscal year end and no deteriorating financial condition has been noted.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether Doral Academy Charter Middle School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Doral Academy Charter Middle School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Doral Academy Charter Middle School.

Status of Prior Year Findings and Recommendations

ML13-01 – Capital assets: During the current year audit, we noted that the reconciliation was performed and the asset manager totals agreed to the trial balance.

ML13-02 – Internal account: During the current year audit, it was noted that general fundraising activity is reflected in the School's revenues, expenses and net position. Fiduciary activity is excluded from such and reflected as a liability.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, School Board of Dade County, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

HeB Grain, CPA
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 29, 2014