

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES

(A CHARTER SCHOOL AUTHORITY ESTABLISHED BY,
AND UNDER THE AUSPICES OF, MIAMI SHORES VILLAGE,
A FLORIDA MUNICIPAL CORPORATION)

Miami Shores, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2013

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MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES

11301 N.W. 5th Avenue
Miami Shores, Florida 33168
(305) 754-2381

2012-2013

Administration

Executive Director: Gary Meredith (2008-Present)

Board of Directors

Chairperson Alan Silbert, MD (2007-2013)

Vice Chairperson Dr. Joan Lutton (2004-2014)

Treasurer Connie Benson (2011-2014)

Secretary Alice Burch (2004-2013)

Board Members	Reid Bernstein (2005-2012)	Alison Harke (2007-2012)
	Dennis Kleinman (2005-2013)	Chester Morris (2008-2012)
	Susan Dombrowsky, MD (2013-2014)	Ted Kretzschmar (2012-2013)
	Herta Holly (2011-2013)	Karen Hursey McLaughlin (2012-2013)
	Dr. Carter Winkle (2013-2014)	

INDEPENDENT AUDITORS' REPORT

Board of Directors
Miami Shores Village Charter School Authority
d/b/a Doctors Charter School of Miami Shores
Miami Shores, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores, (DCSMS) a Charter School Authority established by, and under the auspices of, Miami Shores Village, a Florida municipal corporation, as of, and for the year ended June 30, 2013, 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 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 DCSMS at June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2013, on our consideration of DCSMS'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 24 through 25 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.

Handwritten signature in black ink that reads "HLB Gravin, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 23, 2013

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

As management of Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores (DCSMS), we offer readers of DCSMS's financial statements this narrative overview and analysis of the financial activities of the DCSMS for the year ended June 30, 2013. We encourage readers to consider this information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

DCSMS provided middle and high school education for 574 students in grades six through twelve under a charter sponsored by the District School Board of Miami-Dade County, Florida.

Our new school consists of three concrete buildings on a five acre campus. The buildings include a 5,300 square foot media center, an 8,000 square foot cafeteria, and a 33,000 square foot, two story classroom building. The building is a concrete structure with state-of-the-art science labs, a media center, music room, dining area and an outdoor physical education court.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2013 by \$581,063 (net assets).
2. At year-end, the School had current assets on hand of \$583,678.
3. The net assets of the School increased by \$91,380 during the year.
4. The unassigned fund balance at year end was \$169,566.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the DCSMS's basic financial statements. DCSMS's financial statements for the year ended June 30, 2013 are presented under 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 DCSMS's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of DCSMS's assets and liabilities. The difference between the two is reported as *net assets*. Over time the change in net assets serve as an indicator of whether the financial position of DCSMS is improving or deteriorating.

The *Statement of Activities* presents information on how DCSMS's net assets changed during the fiscal year. All changes in net assets 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.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Fund financial statements

A “*fund*” is a collection of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. DCSMS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the DCSMS 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.

DCSMS adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic government fund financial statements can be found on pages 12-15 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 16 - 23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets 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 \$581,063 at the close of the fiscal year. A summary of the School’s net assets as of June 30, 2013 and 2012 follows:

	2013	2012
Cash	\$493,994	\$452,105
Receivables	-	1,344
Prepaid expenses and other assets	36,949	45,456
Due from other agencies	73,951	16,814
Capital Assets	302,865	252,277
Total Assets	<u>\$907,759</u>	<u>\$767,996</u>
Current liabilities	\$326,696	\$278,313
Total Liabilities	<u>\$326,696</u>	<u>\$278,313</u>
Invested in capital assets	\$302,865	\$252,277
Restricted	71,683	-
Unrestricted	206,515	237,406
Total Net Assets	<u>\$581,063</u>	<u>\$489,683</u>

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

At the end of the year, DCSMS is able to report continued positive balances in the categories of net assets. The same situation held true for the prior fiscal year.

A summary and analysis of DCSMS's revenues and expenses for the years ended June 30, 2013 and 2012 follows:

	2013	2012
REVENUES		
State capital outlay funding	\$ 415,237	\$ 302,467
State passed through local	3,143,067	2,955,261
Local sources	127,923	259,005
Federal school lunch program	121,321	96,198
Federal sources	-	55,870
Charges for services	94,827	139,762
Fundraising and other revenues	94,549	124,807
Interest Income	42,501	1,816
Total Revenues	<u>4,039,425</u>	<u>3,935,186</u>
EXPENSES		
Instruction	\$2,096,906	\$2,000,071
Instruction and Curriculum		
Development Services	78,806	65,117
Instructional Staff Training Services	-	72
General Administration	460,651	420,769
School Administration	349,183	386,280
Fiscal Services	82,812	65,805
Food Services	130,691	134,424
Central Services	63,797	84,775
Pupil Transportation Services	147,999	109,707
Operation of Plant	229,888	308,068
Maintenance of Plant	210,236	137,460
Community Service	74,076	97,102
Unallocated depreciation	23,000	13,262
Total Expenses	<u>3,948,045</u>	<u>3,822,912</u>
Increase(decrease) – in net assets	91,380	112,274
Net Assets at Beginning of Year	489,683	377,409
Net Assets at End of Year	<u>\$ 581,063</u>	<u>\$ 489,683</u>

DCSMS's revenue increased by \$104,239 in the current year and expenses decreased by \$125,133. The most significant cause for the revenue increase was an increase in the number of students compared to prior year. The increase in expenses is mainly due to an increase in Instructional which includes professional salaries for teachers.

School Location and Lease of Facility

The School leases a facility located at 11301 N.W. 5th Avenue.

Capital Improvement Requirements

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

School Enrollment

This past year, the School had approximately 574 students enrolled in grades six through twelve.

Achievements

Doctors Charter School is a college preparatory school that is the pride of the Miami Shores community. It is widely recognized for offering relevant and rigorous academic programs in a safe and personal setting. Technology and diverse extracurricular activities attract quality students, resulting in a 100% college acceptance rate. In addition to a wide variety of Advanced Placement courses offered to the students, dual enrollment programs with both Florida International University and Miami Dade College are offered.

DCS students are offered the opportunity to participate in excursions to exotic destinations as part of their educational experience. Each year teachers offer different educational travel options for students who are interested in exploring the cultures and governments of various countries that are studied in the classrooms. Recent travels include destinations such as Costa Rica, Spain, Greece, Turkey and South Africa.

Many activities such as clubs and athletics are also offered to the DCS students. Club and service organizations sponsored on campus include the Key Club, Interact Club, Chess Club, Book Club, Faith in Action Club, Student Government, Green Club, Step Club, Chorus and Band. Most major sports and many minor sports recognized by the Florida High School Athletic Association are offered. They include volleyball, basketball, soccer, tennis, cross country, track and field and swimming.

The certified staff at DCS averages more than fifteen (15) years of experience in the education field and twenty-seven percent (27%) have more than twenty (20) years experience providing a quality education to students. Also, sixty-seven percent (67%) of the certified staff have achieved a Masters Degree or higher.

The aforementioned characteristics were instrumental in Doctors Charter School bringing not only local and state recognition, but also national recognition to the Miami Shores community. During the 2012-2013 academic year, DCS continued to maintain an "A" rating by the Florida Department of Education and was named a Florida Gold Seal of Excellence School by the Florida Consortium of Public Charter Schools. In addition, DCS was rated in the top 2.5% of all public high schools in the United States by Newsweek Magazine, US News & World Report, and The Washington Post. DCS is accredited by Southern Association of Colleges and Schools.

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 ending fund balance of \$116,979. The fund balance unassigned and available for spending at the School's discretion is \$80,030. 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, 2013 amounts to \$ 302,865 (net of accumulated depreciation). This investment in capital assets includes improvements, furniture, fixtures and computer equipment. The School has no outstanding debt associated with capital assets.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

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.

	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital Outlay Funding	\$ 225,000	\$ 225,000	\$415,237
Federal Sources	-	-	-
Lunch program	110,000	110,800	121,321
Charges for Services	7,000	7,000	94,827
General Revenues			
FTE Nonspecific Revenues	3,119,689	3,119,689	3,143,067
Other Revenues	27,000	27,000	42,501
Local sources	102,045	102,045	127,923
Total Revenues	\$ 3,590,734	\$ 3,590,734	\$ 3,944,876
CURRENT EXPENSES			
Component Unit Activities:			
Instruction	2,019,071	2,019,071	\$ 2,096,906
Instructional Staff Training Services	33,000	33,000	78,806
General Administration	471,169	471,169	460,651
School Administration	337,948	337,948	349,183
Fiscal Services	45,000	45,000	82,812
Food Services	145,000	145,000	130,691
Central Services	100,000	100,000	63,797
Pupil Transportation Services	100,000	100,000	147,999
Operation of Plant	278,040	278,040	229,888
Maintenance of Plant	94,505	94,505	210,236
Total Current Expenses	\$ 3,623,733	\$ 3,623,733	\$ 3,850,969

Request for Information

This financial report is designed to provide a general overview of the DCSMS's finances for all those with an interest in the DCSMS's finances. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to Mr. Gary Meredith, Executive Director, Doctors Charter School, 11301 N.W. 5th Avenue, Miami Shores, Florida 33168. Telephone number (305) 754-2381.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
STATEMENT OF NET ASSETS
JUNE 30, 2013

	2013	2012 (Summarized Comparative Information)
<u>Assets</u>		
Current Assets:		
Cash	\$ 493,994	\$ 452,105
Accounts receivable, net of allowance	-	1,344
Due from other agencies	73,951	16,814
Prepaid expenses	15,733	24,240
	<u>583,678</u>	<u>494,503</u>
Capital assets, depreciable	1,337,699	1,264,111
Less accumulated depreciation	<u>(1,034,834)</u>	<u>(1,011,834)</u>
	302,865	252,277
Deposits	<u>21,216</u>	<u>21,216</u>
Total Assets	<u><u>\$ 907,759</u></u>	<u><u>\$ 767,996</u></u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 13,284	\$ 19,036
Accrued liabilities	<u>313,412</u>	<u>259,277</u>
Total Liabilities	326,696	278,313
Net Assets:		
Invested in capital assets	302,865	252,277
Restricted	71,683	-
Unrestricted	<u>206,515</u>	<u>237,406</u>
Total Net Assets	<u>581,063</u>	<u>489,683</u>
Total Liabilities and Net Assets	<u><u>\$ 907,759</u></u>	<u><u>\$ 767,996</u></u>

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

FUNCTIONS	2013					2012
	Program Revenues					(Summarized Comparative Information)
					Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Component Unit Activities:						
Instruction	\$ 2,096,906	\$ -	\$ 127,923	\$ -	\$ (1,968,983)	\$ (1,685,196)
Instruction and Curriculum Development	78,806	63,892			(14,914)	38,133
Instructional Staff Training Services					-	(72)
General Administration	460,651				(460,651)	(420,769)
School Administration	349,183				(349,183)	(386,280)
Fiscal Services	82,812				(82,812)	(65,805)
Food Services	130,691	22,946	121,321		13,576	(9,792)
Central Services	63,797				(63,797)	(84,775)
Pupil Transportation Services	147,999	7,989			(140,010)	(101,629)
Operation of Plant	229,888			415,237	185,349	(5,601)
Maintenance of Plant	210,236				(210,236)	(137,460)
Community Services	74,076		94,549		20,473	27,705
Unallocated Depreciation	23,000				(23,000)	(13,262)
Total Component Unit Activities	3,948,045	94,827	343,793	415,237	(3,094,188)	(2,844,803)
General revenues:						
					3,143,067	2,955,261
Government grants not restricted to specific programs					42,501	1,816
Interest and other income						
Change in Net Assets					91,380	112,274
Net assets - beginning					489,683	377,409
Net assets - ending					<u>\$ 581,063</u>	<u>\$ 489,683</u>

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
BALANCE SHEET
JUNE 30, 2013

	2013				2012
	General Fund	Special Revenue Fund	Non-major fund fundraising	Total Governmental Funds	(Summarized Comparative Information)
<u>Assets</u>					
Cash	\$ 332,775	\$ 71,683	\$ 89,536	\$ 493,994	\$ 452,105
Accounts receivable, no allowance necessary	-	-	-	-	1,344
Due from other agencies	-	73,951	-	73,951	16,814
Prepaid expenses	15,733	-	-	15,733	24,240
Deposits receivable	21,216	-	-	21,216	21,216
Interfund receivable	60,667	-	-	60,667	16,814
Total Assets	<u>\$ 430,391</u>	<u>\$ 145,634</u>	<u>\$ 89,536</u>	<u>\$ 665,561</u>	<u>\$ 532,533</u>
<u>Liabilities</u>					
Accounts payable and accrued liabilities	\$ 313,412	\$ 13,284	\$ -	\$ 326,696	\$ 278,313
Interfund liability		60,667	-	60,667	16,814
Total Liabilities	<u>313,412</u>	<u>73,951</u>	<u>-</u>	<u>387,363</u>	<u>295,127</u>
<u>Fund balance</u>					
Unassigned	80,030	-	89,536	169,566	191,950
Unspendable	36,949			36,949	45,456
Restricted	-	71,683		71,683	-
Total Fund Balance	<u>116,979</u>	<u>71,683</u>	<u>89,536</u>	<u>278,198</u>	<u>237,406</u>
Total Liabilities and Fund Balance	<u>\$ 430,391</u>	<u>\$ 145,634</u>	<u>\$ 89,536</u>	<u>\$ 665,561</u>	<u>\$ 532,533</u>

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

Total Fund Balance - Governmental Funds \$ 278,198

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

Capital assets of \$1,337,699 net of accumulated depreciation of \$1,034,834 used in governmental activities are not financial resources and therefore are not reported in the fund.

302,865

Total Net Assets - Governmental Activities \$ 581,063

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013

	2013				2012
	General Fund	Special Revenue Fund	Non-major fund fundraising	Total Governmental Funds	(Summarized Comparative Information)
Revenues:					
State capital outlay funding	\$ -	\$ 415,237	\$ -	\$ 415,237	\$ 302,467
State passed through local	3,143,067	-	-	3,143,067	2,955,261
Local sources	127,923	-	-	127,923	259,005
Federal sources	-	-	-	-	55,870
Federal school lunch program	-	121,321	-	121,321	96,198
Charges for services	71,881	22,946	-	94,827	139,762
Fundraising and other revenues	-	-	94,549	94,549	124,807
Interest and other income	42,501	-	-	42,501	1,816
Total Revenues	<u>\$ 3,385,372</u>	<u>\$ 559,504</u>	<u>\$ 94,549</u>	<u>\$ 4,039,425</u>	<u>\$ 3,935,186</u>
Expenditures:					
Current:					
Instruction	\$ 2,096,906	\$ -	\$ -	\$ 2,096,906	\$ 2,046,089
Instructional and Curriculum Development	78,806	-	-	78,806	65,117
Instructional Staff Training Services	-	-	-	-	72
General Administration	460,651	-	-	460,651	420,769
School Administration	349,183	-	-	349,183	386,280
Fiscal Services	82,812	-	-	82,812	65,805
Food Services	-	130,691	-	130,691	134,424
Central Services	63,797	-	-	63,797	84,775
Pupil Transportation Services	147,999	-	-	147,999	109,707
Operation of Plant	49,888	180,000	-	229,888	308,068
Maintenance of Plant	84,101	126,135	-	210,236	137,460
Community Services	-	-	74,076	74,076	97,102
Capital Outlay:					
Facilities Acquisition and Construction	-	73,588	-	73,588	5,309
Debt Service:					
Redemption of Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>3,414,143</u>	<u>510,414</u>	<u>74,076</u>	<u>3,998,633</u>	<u>3,860,977</u>
Excess (deficit) of Revenues Over Expenditures	(28,771)	49,090	20,473	40,792	74,209
Other financing sources					
Prior year capital outlay	(36,169)	36,169	-	-	-
Transfer in and (out)	13,130	(13,576)	446	-	46,018
Net change in fund balance	(51,810)	71,683	20,919	40,792	120,227
Fund Balance at beginning of year	168,789	-	68,617	237,406	117,179
Fund Balance at end of year	<u>\$ 116,979</u>	<u>\$ 71,683</u>	<u>\$ 89,536</u>	<u>\$ 278,198</u>	<u>\$ 237,406</u>

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Change in Fund Balance - Governmental Funds \$ 40,792

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 \$73,588 differed from depreciation expense of \$23,000.

50,588

Change in Net Assets of Governmental Activities \$ 91,380

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 – Organization and Operations

Reporting Entity

Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores (DCSMS) was created under Chapter 2, Article VI, Sections 2.90 et seq. of the Miami Shores Village Code, a Florida municipal corporation and has established a charter school for children from grades six through twelve.

The general operating authority of DCSMS is contained in Section 1002.33 of the Florida Statutes. DCSMS operated under a charter of the sponsoring district, the District School Board of Miami-Dade County, Florida (the “District”). The charter is effective until June 30, 2020. These financial statements are for the fiscal year ended June 30, 2013 which covers the 2012-2013 school year. DCSMS had an enrollment of 574 students during that school year.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – *Audits for States and Local Governments* and provisions of Florida Statutes, DCSMS is presented as a governmental organization for financial statement reporting purposes.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information for DCSMS as a whole. Any interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as DCSMS 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 which report 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 funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Fundraising Fund – used to account for revenues from fundraising events and other private sources which are designated to finance particular functions and activities in accordance with administrative requirements.

Measurement Focus and Basis of Accounting

The financial statements of DCSMS are prepared in accordance with generally accepted accounting principles (GAAP). DCSMS'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.

DCSMS 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 DCSMS 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. DCSMS 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.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2 – 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.

Cash

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Due from Other Governments or Agencies

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

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

DCSMS’s property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the statement of net assets in the government-wide financial statements. Donated assets are stated at fair value on the date donated. DCSMS generally capitalizes assets with a cost of more than \$750 for tangible personal property and more than \$1,500 for improvements other than buildings. 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 over the estimated useful life of the asset. 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 the statement of activities. Estimated useful lives, in years, for depreciable assets are as follows:

Building and Fixed Equipment	10 Years
Furniture and Fixtures	5 Years
Computer and Software	3 Years

Pursuant to the Florida Statutes, any capital assets purchased with funds provided by the District would revert to the District upon termination of the charter. Management maintains records of such purchases. During the year ended June 30, 2013, \$73,588 of such assets were purchased with capital outlay or FTE funds.

Note 2 – Summary of Significant Accounting Policies (continued)

Charges for Services

DCSMS charges students for various instruction and curriculum development programs including music, tutoring, food, and art programs. These activities are recorded in the general fund since the fees charged are only to supplement the programs and the cost of such programs substantially exceed the fees.

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in DCSMS's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, DCSMS 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 DCSMS 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 DCSMS 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, DCSMS 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.

Compensated Absences

DCSMS grants a specific number of sick days. Full time faculty members are eligible for ten days of sick/personal leave as of the first day of employment for each contract year. In the event that available time is not used by the end of the contract year, employees may "cash out" unused sick days however, the employees may only cash out up to 6 days at 50% of their daily rate. There is no termination payment for accumulated unused sick days.

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 sick days available to be used in future benefits years.

Note 2 – Summary of Significant Accounting Policies (continued)

Net assets and Fund balance classifications

Government-wide financial statements

Net assets are classified as net assets and displayed in three (3) components:

- a) Invested in capital assets, net of related debt - consists of 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 assets - consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. Restricted net assets of DCSMS relate to reserves required by the landlord for property maintenance and repairs.
- c) Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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 list below:

- 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).
- 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. Restricted fund balance of DCSMS relate to reserves required by the landlord for property maintenance and repairs.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of DCSMS's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by DCSMS'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 - fund balance is the residual classification for DCSMS's general fund and includes all spendable amounts not contained in the other classifications.

Note 2 – Summary of Significant Accounting Policies (continued)

Order of Fund Balance Spending Policy

DCSMS'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.

Income Taxes

DCSMS is an agency of Miami Shores Village, a Florida municipal corporation pursuant to Chapter 2, Article VI, Sections 2.90 et seq of the Village Code, and is, therefore, exempt from income tax. In addition, during the year, DCSMS was granted tax exempt status under Internal Revenue Code Section 501(c)(3). Accordingly, no tax provision has been made in the accompanying financial statements.

Subsequent Events

In accordance with GASB Codification Section 2250.106, DCSMS has evaluated subsequent events and transactions for potential recognition or disclosure through August 23, 2013, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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.

Note 3 – Deposits Policy and Credit Risk

It is DCSMS's policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2013, the carrying amount of DCSMS's deposits was \$493,994 and the respective bank balances totaled \$ 712,226.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. Bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2013, bank balances in potential excess of FDIC coverage totaled \$ 323,353.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4 – Contingencies and Concentrations

DCSMS 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, DCSMS 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 DCSMS.

Note 5 – Changes in Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2013:

	Balance 6/30/2012	Addition	Disposal	Balance 6/30/2013
Capital Assets:				
Furniture and fixtures	\$623,625	-	-	\$623,625
Building and fixed equipment	579,970	34,882	-	614,852
Computer software	60,516	38,706	-	99,222
Total Capital Assets	1,264,111	73,588	-	1,337,699
Less Accumulated Depreciation:				
Furniture and fixtures	(613,238)	-	-	(613,238)
Building and fixed equipment	(358,198)	(23,000)	-	(381,198)
Computer software	(40,398)	-	-	(40,398)
Total Accumulated Depreciation	(1,011,834)	(23,000)	-	(1,034,834)
Capital Assets, net	<u>\$ 252,277</u>	<u>\$50,588</u>	<u>-</u>	<u>\$ 302,865</u>

Depreciation expense for the year ended June 30, 2013 was \$23,000.

Note 6 – Related Party Transactions

DCSMS's building and facilities are located on land owned by Barry University, Inc., which leases the property to Miami Shores Village (MSV) under a "Ground Lease Agreement" which expires March 31, 2019. Under the terms of the "Ground Lease Agreement", MSV owns a fee simple interest in all improvements made on the property which include the erected building and facilities. DCSMS subleases the real property and improvements (collectively the "Premises"), from MSV under the "Charter School Sublease Agreement" which expires August 7, 2020, with base rent (subject to annual adjustment beginning with the sixth year) of \$180,000 per annum, payable annually in arrears on the last day of each school year during the term of the lease.

MSV received support for the construction of the building and facilities from North Dade Medical Foundation, Inc. (NDMF) in the form of a \$5,000,000 grant. Under a grant agreement between NDMF and MSV, a portion of those funds is to be used to supplement the annual operating income of the charter school operations, as needed. As of June 30, 2013 the grant had an available balance of approximately \$1,900,000.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of DCSMS. For the year ended June 30, 2013, administrative fees withheld by the School District totaled \$28,058

Note 7 – Commitments

DCSMS has elected to participate in a Group Retirement Annuity Trust (the "Plan") to provide retirement savings and incidental benefits for its employees. Employees may contribute a percentage of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. DCSMS will contribute up to 5% of the employee's base salary and will match an additional amount at the discretion of management. As of June 30, 2013, DCSMS incurred \$24,126 in contribution costs related to the Plan.

Note 8 – Risk Management

DCSMS 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 DCSMS carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund		
	Original Budget	Final Budget	Actual
Revenues:			
State passed through local	\$ 3,119,689	\$ 3,119,689	\$ 3,143,067
Local sources	102,045	102,045	127,923
Charges for services	7,000	7,000	71,881
Fundraising and other revenues	25,000	25,000	-
Interest and other income	2,000	2,000	42,501
Total Revenues	<u>\$ 3,255,734</u>	<u>\$ 3,255,734</u>	<u>\$ 3,385,372</u>
Expenditures:			
Current:			
Instruction	\$ 2,019,071	\$ 2,019,071	\$ 2,096,906
Instructional and Curriculum Development	33,000	33,000	78,806
Instructional Staff Training Services	-	-	-
General Administration	471,169	471,169	460,651
School Administration	337,948	337,948	349,183
Fiscal Services	45,000	45,000	82,812
Food Services	-	-	-
Central Services	100,000	100,000	63,797
Pupil Transportation Services	100,000	100,000	147,999
Operation of Plant	98,040	98,040	49,888
Maintenance of Plant	49,505	49,505	84,101
Community Services	-	-	-
Capital Outlay:			
Facilities Acquisition and Construction	-	-	-
Debt Service:			
Redemption of Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>\$ 3,253,733</u>	<u>\$ 3,253,733</u>	<u>\$ 3,414,143</u>

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
Revenues:			
State capital outlay funding	\$ 225,000	\$ 225,000	\$ 415,237
Federal sources	-	-	-
Charges for services	-	-	22,946
Federal school lunch program	110,000	110,000	121,321
Interest income	-	-	-
Total Revenues	<u>\$ 335,000</u>	<u>\$ 335,000</u>	<u>\$ 559,504</u>
Expenditures:			
Current:			
Instruction	\$ -	\$ -	\$ -
Food service	145,000	145,000	130,691
Operation of Plant	180,000	180,000	180,000
Maintenance of Plant	45,000	45,000	126,135
Capital Outlay:			
Facilities Acquisition and Construction	-	-	73,588
Total Expenditures	<u>\$ 370,000</u>	<u>\$ 370,000</u>	<u>\$ 510,414</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*

Board of Directors
Miami Shores Village Charter School Authority
D/B/A Doctors Charter School of Miami Shores
Miami Shores, Florida

We have audited the financial statements of Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores, ("DCSMS") as of, and for the year ended June 30, 2013 and have issued our report thereon dated August 23, 2013. 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.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DCSMS'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*.

This report is intended solely for the information and use of management, the audit committee, the Auditor General of the State of Florida and the School Board of Miami-Dade County and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in cursive script that reads "HLB Darwin LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 23, 2013

MANAGEMENT LETTER

Board of Directors of
Miami Shores Village Charter School Authority
D/B/A Doctors Charter School of Miami Shores
Miami Shores, Florida

We have audited the accompanying basic financial statements of Miami Shores Village Charter School Authority d/b/a Doctors Charter School of Miami Shores as of and for the year ended June 30, 2013 and have issued our report thereon dated August 23, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosure in those reports, which are dated August 23, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report or schedule:

1. 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.

There were no finding and recommendations in the preceding financial audit report. *OR* Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

2. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not DCSMS 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 DCSMS did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

3. 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 have the following recommendations.

ML 13-01 – OVER 250 FTE CAPITAL OUTLAY

Observation

We noted that capital outlay received via the over 250 FTE administrative fee reduction was not being recorded as part of the special revenue funds.

Recommendation

We recommend that such capital outlay be included in the special revenue fund.

ML 13-02 – CAPITALIZATION POLICY

Observation

We noted several expenditures that should have been capitalized in the statement of net assets. These items required audit adjustment.

Recommendation

We recommend that the school capitalization policy be applied to all expenditures.

ML 13-03 – DEPRECIATION

Observation

We noted that depreciation was not computed for the year and was not recorded in the Statement of Activities. This required audit adjustment.

Recommendation

We recommend that depreciation be computed and recorded in the Statement of Activities.

ML 13-04 – SUMMER PAYROLL ACCRUAL

Observation

We noted that the summer payroll was not accrued in full as of June 30, 2013. This required audit adjustment.

Recommendation

We recommend that the summer payroll accrual be reviewed to ensure that the full amount of accrual is recorded.

4. 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.

5. Section 10.854.(1)(e)5., Rules of the Auditor General, requires the name or official title of the school.

The official title of the school is Miami Shores Village Charter School Authority, D/B/A Doctors Charter School of Miami Shores

6. Pursuant to Sections 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor DCSMS's 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 and no deteriorating financial condition has been noted.

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 and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 23, 2013



DOCTORS CHARTER SCHOOL OF MIAMI SHORES

A college preparatory school dedicated to developing each student's full potential

August 27, 2013

Observation items to be acknowledged, Doctors Charter School is aware of the observations and we will follow with the audit recommendations.

- 1) The capital outlay funds flowing through FTE (as a result of reduced administrative fees) must be classified separately within special revenue funds, and will be for this audit.
- 2) The fixed asset schedule must be caught up each year.
- 3) Depreciation was not booked this year and this must be done.
- 4) The payroll accrual must be done for three pay periods for the summer.

Katherine Borges

Katherine Borges

