

**RIVER CITIES COMMUNITY
CHARTER SCHOOL, INC.
(A COMPONENT UNIT OF THE SCHOOL BOARD
OF MIAMI-DADE COUNTY, FLORIDA)**

**BASIC FINANCIAL STATEMENTS,
INDEPENDENT AUDITORS' REPORT AND
SUPPLEMENTAL INFORMATION**

JUNE 30, 2013

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RIVER CITIES COMMUNITY CHARTER SCHOOL
(A Charter School Under River Cities Community Charter School, Inc)

3405 NW 27th Avenue
Miami, FL 33142
(786) 970-7005

2012-2013

BOARD OF DIRECTORS

Dia Carter-Webb, Board Chair
Doretta Crooks, Board Member
Lisette Piedra, Board Member
Maricela Jimenez, Board Member
Wesley Laurent, Board Member

SCHOOL ADMINISTRATION

Connie Crawford-Rodriguez, School Principal

INDEPENDENT AUDITORS' REPORT

Board of Directors
River Cities Community Charter School, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of River Cities Community Charter School (the "School"), a charter school under River Cities Community Charter School, Inc., which is a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the School, as of 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11 and budgetary comparison information on pages 24-25 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2013, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 5, 2013

Management's Discussion and Analysis
River Cities Community Charter School
June 30, 2013

The corporate officers of River Cities Community Charter School, Inc. (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2013.

FINANCIAL HIGHLIGHTS

1. The assets of the School exceeded its liabilities at June 30, 2013 by \$129,757 (net position).
2. At year-end, the School had current assets of \$105,265.
3. The School's revenues exceeded its expenses by \$59,784 on a governmental-wide basis.
4. The School received \$39,242 in Capital Outlay Funds as well as \$17,702 in Title I Funds.

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, 2013, 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 supplemental 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources. The difference between the two 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 as soon as the underlying event resulting in the change 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 12-13 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 budget for its general fund basis. 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 14-17 of this report.

The agency fund statement provides information about the financial relationship in which the School acts solely as an agent for the benefit of others. The School is fiduciary for assets that belong to others, such as the student activity funds. The School is responsible for ensuring that the assets reported in these activity funds are used only for the intended purposes and by those for whom the assets are contributed. The School excludes these activities from the Statement of Net Assets because it cannot use these funds to finance its operations. There were no amounts held in agency funds for the year ended June 30, 2013.

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 18-23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a school's financial position. In the case of the School, assets exceeded liabilities by \$129,757 at the close of its fiscal year. A summary of the School's net assets as of June 30, 2013 and 2012 follows:

Assets	2013	2012
Cash and cash equivalents	\$ 89,449	\$ 29,797
Due from governmental agencies & accounts receivable	13,016	33,263
Prepaid expenses and other assets	2,800	5,100
Deposit receivable	22,000	22,000
Capital assets, net	181,174	169,281
Total Assets	\$ 308,439	\$ 259,441
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 45,581	\$ 23,241
Note payable	133,101	166,227
Total Liabilities	178,682	189,468
Net investment in capital assets	48,073	3,054
Unrestricted	81,684	66,919
Total Net Position	129,757	69,973
Total Liabilities and Net Position	\$ 308,439	\$ 259,441

At June 30, 2013, the School's total assets were \$308,439 and total liabilities were \$178,682. The School's assets increased primarily due to the purchases of fixed assets and an excess of revenues over expenses for the year ended June 30, 2013. At the end of the fiscal year, the School is able to report a positive balance in net position of \$129,757.

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

REVENUES	<u>2013</u>	<u>2012</u>
Program Revenues		
Federal lunch program and other grants	\$ 67,085	\$ 45,308
Capital outlay	39,242	41,290
Charges for services	840	-
General Revenues		
FEFP non-specific revenues	764,614	560,315
Fundraising & other revenue	15,880	24,118
Total Revenues	<u>\$ 887,661</u>	<u>\$ 671,031</u>
 EXPENSES		
Instructional services	\$ 373,234	\$ 306,037
Instructional and curriculum development services	3,900	5,370
Instructional staff training services	499	413
Board	10,145	6,790
School administration	100,488	76,310
Facilities acquisition & construction (includes building lease payments)	115,212	-
Fiscal services	12,847	11,011
Food services	70,963	56,987
Central services	38,172	27,569
Pupil transportation services	2,600	3,756
Operation of plant	57,606	139,833
Maintenance of plant	9,007	4,756
Interest expense	8,094	9,457
Unallocated depreciation	25,110	15,932
Total Expenses	<u>827,877</u>	<u>664,221</u>
 Change in Net Position	59,784	6,810
 Net Position at Beginning of Year	<u>69,973</u>	<u>63,163</u>
Net Position at End of Year	<u>\$ 129,757</u>	<u>\$ 69,973</u>

The School's total revenues and expenses totaled \$887,661 and \$827,877 for the year ended June 30, 2013. Revenues increased by \$216,630 during the year mainly due to the increase in enrollment and Class Size Reduction Program. The increase in expenses of \$163,656 was due to the increase in lease expenses, previously reported under operation of plant, increases in salaries for additional teachers due to the increase in enrollment, and the food service program administrative expenses. The School was able to keep other expenses in line with the prior year. The School's change in net position was \$59,784 for the year.

ACCOMPLISHMENTS

The School saw gains in individual student scores for the 2012-2013 school year. The number of students taking advanced courses rose. Of the 12 students taking Algebra 1, 11 passed the state's End-Of-Course exam and received ninth grade academic credit. In Reading, 69% of students' scores rose from 2012 to 2013, and in math 71% of students' scores rose from 2012 to 2013. The School continues to accept students performing at very low levels and has been successful in helping these struggling students achieve success. Although the School achieved points to remain at a "grade" of D, the overall low level of the students at the School did result in the school grade being lowered to an F. Unfortunately, this drop in grade has overshadowed individual student's achievements and learning gains, but has strengthened the resolve towards improvement.

While the School's administration believes that the F grade does not accurately depict the School's standing in comparison with neighboring schools with similar student populations, the drop in grade has not been taken lightly. The School will be taking firm measures to help students improve performance in the new school year. The administration, in conjunction with staff, the Board of Directors and the SAC, will continue its emphasis on collecting data to assess student's performance and gathering evidence of learning gains for the 2013-2014 school years. The School will focus more of its resources on its instructional staff, continued professional training and materials that have been proven to be effective in improving test scores for other schools in Miami-Dade. All teachers have received training for FCAT preparation in reading, writing and mathematics. The School will take advantage of resources available through the District, as well as seek assistance from educational consultants to help the principal and teachers evaluate and implement changes that will help students improve academic performance.

The School will utilize the district-provided interim exams in math, reading and science, as well as district-provided software programs (such as Reading Plus, Voyager Passports in Reading and FCAT Explorer) to monitor student progress. Teachers will create action plans to address deficient areas found through assessment data. In addition, parents of students who are not demonstrating adequate progress will be provided with additional support by way of meetings with the students' advisors while students will be offered tutoring sessions.

The School's administration, teachers and staff are committed to the challenge ahead of helping students improve their academic performance and demonstrate success through higher test scores. Nonetheless, since equal value is placed on character development as on academic development, there are specific qualities and attitudes that are a cornerstone of our curriculum that will continue to be overtly emphasized and recognized. These include qualities such as tolerance, curiosity, empathy, responsibility, caring, cooperation, risk-taking and perseverance. Because of its small size, the School offers its students a strong community-oriented environment that is conducive to their full development as there is a tangible atmosphere of family and shared learning that we believe will increase their self-confidence and show in their performance.

SCHOOL LOCATION

The school continues to be located at 3405 NW 27th Ave. Miami, 33142 under the current lease agreement with the Archdiocese of Miami. Before the current lease expires, the School has plans to explore other facility options within the area to accommodate a growing student population interested in attending the school.

Capital Improvement Requirement

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

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, *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.

At the end of the fiscal year, the School's governmental funds reported combined ending fund balances of \$81,684 with a net change in fund balance of \$14,765.

CAPITAL ASSETS

The School's investment in capital assets as of June 30, 2013, amounts to \$181,174 (net of accumulated depreciation). This investment in capital assets includes building improvements, furniture, fixtures and computer equipment.

NOTE PAYABLES

On September 19, 2011, the School signed an agreement for a note payable in the amount of \$185,000. The note is collateralized by the School's leasehold improvements. The note payable bears interest of 5.5 %. The outstanding balance at June 30, 2013, was \$125,569. In addition, the School obtained equipment through a promissory note on January 27, 2012. This note is collateralized by the equipment purchased and bears interest at a rate of 7.99%. The loan matures on February 5, 2016, and the outstanding balance at June 30, 2012, was \$7,532.

GOVERNMENTAL FUNDS BUDGET

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

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 742,000	\$ 742,000	\$ 764,614
Federal passed through state	18,700	18,700	17,702
Capital outlay funding	40,000	40,000	39,242
Federal lunch program	40,000	40,000	49,383
Charges for services	-	-	840
Fundraising and other income	26,000	26,000	15,880
TOTAL REVENUE	\$ 866,700	\$ 866,700	\$ 887,661
EXPENDITURES			
Instructional services	\$ 332,200	\$ 332,200	\$ 373,234
Pupil personnel services	3,000	3,000	-
Instructional and curriculum development services	4,000	4,000	3,900
Instructional staff training services	2,000	2,000	499
Board	7,800	7,800	10,145
School administration	107,000	107,000	100,488
Facilities acquisition & other capital outlay	120,000	120,000	152,215
Fiscal services	12,200	12,200	12,847
Food services	40,000	40,000	70,963
Central services	37,400	37,400	38,172
Pupil transportation services	5,000	5,000	2,600
Operation of plant	63,000	63,000	57,606
Maintenance of plant	4,500	4,500	9,007
Debt services	64,000	64,000	60,220
TOTAL EXPENDITURES	802,100	802,100	891,896
Change in fund balance before other financing sources	64,600	64,600	(4,235)
Other financing sources	-	-	19,000
Net change in fund balance	<u>\$ 64,600</u>	<u>\$ 64,600</u>	<u>\$ 14,765</u>

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Connie Crawford, Principal located at 3405 NW 27th Avenue, Miami, FL 33142.

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)

	Governmental Activities	
	2013	2012
		(Summarized Comparative Information)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 89,449	\$ 29,797
Due from governmental or other agencies	13,016	33,263
Prepaid expenses and other assets	2,800	5,100
TOTAL CURRENT ASSETS	105,265	68,160
CAPITAL ASSETS		
Building and improvements	144,526	123,141
Less accumulated depreciation	(22,066)	(4,182)
Furniture, fixtures and computer equipment	102,442	86,824
Less accumulated depreciation	(43,728)	(36,502)
Total capital assets, net	181,174	169,281
Deposit receivable	22,000	22,000
TOTAL ASSETS	<u>\$ 308,439</u>	<u>\$ 259,441</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 45,581	\$ 23,241
Note payable - current portion	56,584	47,590
TOTAL CURRENT LIABILITIES	102,165	70,831
Note payable - long term portion	76,517	118,637
TOTAL LIABILITIES	178,682	189,468
COMMITMENTS AND CONTINGENCIES		
NET POSITION		
Net investment in capital assets	48,073	3,054
Unreserved	81,684	66,919
TOTAL NET POSITION	129,757	69,973
TOTAL LIABILITIES AND NET POSITION	<u>\$ 308,439</u>	<u>\$ 259,441</u>

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

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)

FUNCTIONS	2013				2012	
	Expenses	Program Revenues			Governmental Activities	(Summarized Comparative Information)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:						
Instructional services	\$ 373,234	\$ -	\$ 11,573	\$ -	\$ (361,661)	\$ (294,829)
Instructional and curriculum development services	3,900	-	-	-	(3,900)	(5,370)
Instructional staff training services	499	-	299	-	(200)	(413)
Board	10,145	-	-	-	(10,145)	(6,790)
School administration	100,488	-	-	-	(100,488)	(76,310)
Facilities acquisition & construction	115,212	-	5,830	-	(109,382)	-
Fiscal services	12,847	-	-	-	(12,847)	(11,011)
Food services	70,963	840	49,383	-	(20,740)	(22,887)
Central services	38,172	-	-	-	(38,172)	(27,569)
Pupil transportation services	2,600	-	-	-	(2,600)	(3,756)
Operation of plant	57,606	-	-	39,242	(18,364)	(98,543)
Maintenance of plant	9,007	-	-	-	(9,007)	(4,756)
Interest on long-term debt	8,094	-	-	-	(8,094)	(9,457)
Unallocated depreciation expense	25,110	-	-	-	(25,110)	(15,932)
Total Governmental Activities	\$ 827,877	\$ 840	\$ 67,085	\$ 39,242	\$ (720,710)	\$ (577,623)
GENERAL REVENUES:						
Government grants not restricted to specific programs					\$ 764,614	\$ 560,315
Fundraising and other revenue					15,880	24,118
Total general revenues					780,494	584,433
Change in Net Position					59,784	6,810
NET POSITION - BEGINNING					69,973	63,163
NET POSITION - ENDING					<u>\$ 129,757</u>	<u>\$ 69,973</u>

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

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
BALANCE SHEETS - GOVERNMENTAL FUNDS
JUNE 30, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)

	2013	2012
	General Fund	(Summarized Comparative Information)
ASSETS		
Cash and cash equivalents	\$ 89,449	\$ 29,797
Due from governmental or other agencies	13,016	33,263
Deposit receivable	22,000	22,000
Prepaid expenses and other assets	2,800	5,100
TOTAL ASSETS	<u>\$ 127,265</u>	<u>\$ 90,160</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 45,581	\$ 23,241
TOTAL LIABILITIES	<u>45,581</u>	<u>23,241</u>
 FUND BALANCE		
Nonspendable		
Deposit receivable	22,000	22,000
Prepaid expenses and other assets	2,800	5,100
Unassigned	56,884	39,819
TOTAL FUND BALANCE	<u>81,684</u>	<u>66,919</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 127,265</u>	<u>\$ 90,160</u>

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

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF
NET POSITION**

JUNE 30, 2013

Total Fund Balance - Governmental Funds	\$	81,684
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets of \$246,968, net of accumulated depreciation of \$65,794 used in governmental activities are not financial resources and therefore are not reported in the fund.	181,174
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Long-term liabilities of \$133,101 are not due and payable in the current period and therefore, are not reported in the funds.	<u>(133,101)</u>
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Total Net Position - Governmental Activities	\$	<u><u>129,757</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)

	2013			2012	
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	(Summarized Comparative Information)
REVENUES					
State passed through local	\$ 764,614	\$ -	\$ -	\$ 764,614	\$ 560,315
Capital outlay funding	-	-	39,242	39,242	41,290
Federal passed through state	-	17,702	-	17,702	11,208
Federal lunch program	-	49,383	-	49,383	34,100
Charges for services	-	840	-	840	-
Fundraising and other income	15,880	-	-	15,880	24,118
TOTAL REVENUES	\$ 780,494	\$ 67,925	\$ 39,242	\$ 887,661	\$ 671,031
EXPENDITURES					
Current:					
Instructional services	\$ 361,661	\$ 11,573	\$ -	\$ 373,234	\$ 300,769
Instructional and curriculum development services	3,900	-	-	3,900	5,370
Instructional staff training services	200	299	-	499	413
Board	10,145	-	-	10,145	6,790
School administration	100,488	-	-	100,488	76,309
Facilities acquisition & construction	109,382	5,830	-	115,212	-
Fiscal services	12,847	-	-	12,847	11,011
Food services	20,740	50,223	-	70,963	56,987
Central services	38,172	-	-	38,172	27,569
Pupil transportation services	2,600	-	-	2,600	3,756
Operation of plant	18,364	-	39,242	57,606	145,102
Maintenance of plant	9,007	-	-	9,007	4,756
Capital Outlay:					
Facilities acquisition and renovation	21,385	-	-	21,385	91,788
Other capital outlay	15,618	-	-	15,618	24,811
Debt Service:					
Redemption of principal	52,126	-	-	52,126	107,028
Interest	8,094	-	-	8,094	9,457
TOTAL EXPENDITURES	\$ 784,729	\$ 67,925	\$ 39,242	\$ 891,896	\$ 871,916
 Deficiency of revenues over expenditures	 \$ (4,235)	 \$ -	 \$ -	 \$ (4,235)	 \$ (200,885)
OTHER FINANCING SOURCES					
Proceeds from long-term financing	19,000	-	-	19,000	195,750
Total other financing sources	19,000	-	-	19,000	195,750
 Net change in fund balance	 14,765	 -	 -	 14,765	 (5,135)
 Fund balance at beginning of year	 66,919	 -	 -	 66,919	 72,054
 Fund balance at end of year	 \$ 81,684	 \$ -	 \$ -	 \$ 81,684	 \$ 66,919

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

RIVER CITIES COMMUNITY CHARTER SCHOOL, 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, 2013

Net Change in Fund Balance - Governmental Funds \$ 14,765

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 \$37,003 exceeded depreciation of \$25,110. 11,893

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments of \$52,126 exceeded proceeds of \$19,000 in the current period. 33,126

Change in Net Position of Governmental Activities \$ 59,784

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

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

River Cities Community Charter School, (the “School”) a component unit of the School Board of Miami-Dade County, Florida is sponsored by its charter-holder, River Cities Community School, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not for Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is comprised of 3 members.

The general operating authority of River Cities Community Charter School, (the “School”) is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2017. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

These financial statements are for the year ended June 30, 2013, when 140 students were enrolled in grades sixth through eighth at the School for the 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 of States and Local Governments and provisions of Florida Statutes, the School 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 the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities.

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 and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. 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, namely, the general, special revenue funds and capital project 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 not accounted for and reported in another fund.

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of the charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of River Cities Community Charter School., (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 Guidelines*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized 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 current liabilities. The School considers revenues to be available if they are collected within 90 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. 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.

Budgetary Basis Accounting

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

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Due from Other Government or Agency

Due from other government agency consists of amounts due from the Miami-Dade County Public School Board and from the School’s landlord. All amounts are expected to be collected and an allowance for doubtful accounts is not necessary.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance is expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation and Amortization (Continued)

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:

Furniture and equipment	7 Years
Computer equipment and software	5 Years
Leasehold and improvements	20 Years

Long-term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. Long term liabilities are due in more than one year.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Financing costs are reported as expenditures.

Government-wide Fund Net Assets

Government-wide fund net assets are divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources
- 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 less related liabilities and deferred inflows of resources. There were no restricted net position for the years ending June 30, 2013.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – 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). At June 30, 2013, the School had \$24,800 in nonspendable fund balance.
- 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. At June 30, 2013, there is no restricted fund balance.
- 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. At June 30, 2013, there is no committed fund balance.
- 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. At June 30, 2013, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

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 at the end of the fiscal year by adjusting journal entries. First Non-spendable fund

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Fund Balance Spending Policy (Continued)

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.

Minimum Fund Balance

As of June 30, 2013, there are no minimum fund balance requirements for any of the School's funds.

Comparative Data and Reclassifications

Comparative total data for the prior year have been presented only for the balance sheet and statement of revenues, expenditures and changes in fund balances for governmental funds in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Miami-Dade County (the "School Board") 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 School Board. 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 Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive 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.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 5, 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.

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – INCOME TAXES

The School 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.

NOTE 4 –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 7/1/2012	Additions	Deletions	Balance 6/30/2013
Capital Assets				
Building & improvements	\$ 123,141	\$ 21,385	\$ -	\$ 144,526
Furniture & equipment	86,824	15,618	-	102,442
Total Capital Assets	209,965	37,003	-	246,968
Less Accumulated Depreciation				
Building & improvements	(4,182)	(17,884)	-	(22,066)
Furniture & equipment	(36,502)	(7,226)	-	(43,728)
Total Accumulated Depreciation	(40,684)	(25,110)	-	(65,794)
Capital Assets, net	\$ 169,281	\$ 11,893	\$ -	\$ 181,174

Unallocated depreciation expense for the year ended June 30, 2013 was \$25,110.

NOTE 5 – NOTES PAYABLE

On September 19, 2011, the School refinanced their previous note and obtained a new loan in the amount of \$185,000. The note is collateralized by the School's leasehold improvements. At June 30, 2013, the amount drawn and outstanding was \$125,569. In addition, on January 27, 2012, the School purchased equipment through a promissory note which is collateralized by the purchased equipment in the amount of \$10,750.

The School's obligation under notes payable consists of the following:

	Balance 7/1/2012	Additions	Repayments	Balance 6/30/2013
Equipment loan, issued on January 27, 2012, with monthly payments of principal and interest totaling \$263, bearing interest at 7.99%. The loan matures on February 5, 2016.	\$ 9,977	\$ -	\$ (2,445)	\$ 7,532
Note Payable, issued on September 19, 2011, with monthly payments of principal and interest totaling \$4,958, bearing interest of 5.5%. The note matures on September 1, 2015.	156,250	19,000	(49,681)	125,569
Total	\$ 166,227	\$ 19,000	\$ (52,126)	\$ 133,101

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – NOTE PAYABLE (Continued)

Maturities of long-term debt are as follows:

<u>Year Ended June 30</u>	
2014	\$ 56,584
2015	59,846
2016	<u>16,671</u>
Total	<u><u>\$ 133,101</u></u>

NOTE 6 – DEPOSITS POLICY AND CREDIT RISK

It is the School'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 the School's cash deposit accounts was \$89,449 (operating). The amount of deposits not insured by the Federal Depository Insurance Corporation (FDIC) or collateralized, and therefore subject to custodial credit risk was \$0 at year end.

NOTE 7 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The School leases its facilities under an operating lease that began on July 1, 2010, and expires on June 30, 2015. Total rent expense for the year ended June 30, 2013, was \$115,212. Payments are due on the first day of each calendar month and are adjusted annually by a 5% increase. The future minimum lease payments under this agreement are as follows:

<u>Year Ended June 30</u>	
2014	\$ 83,060
2015	<u>87,213</u>
Total	<u><u>\$ 170,273</u></u>

NOTE 9 – 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 in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

REQUIRED SUPPLEMENTAL INFORMATION

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL- GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund Budget		General Fund
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 742,000	\$ 742,000	\$ 764,614
Fundraising and other income	26,000	26,000	15,880
TOTAL REVENUE	<u>\$ 768,000</u>	<u>\$ 768,000</u>	<u>\$ 780,494</u>
EXPENDITURES			
Instructional services	\$ 320,000	\$ 320,000	\$ 361,661
Pupil personnel services	3,000	3,000	-
Instructional and curriculum development services	4,000	4,000	3,900
Instructional staff training services	2,000	2,000	200
Board	7,800	7,800	10,145
School administration	100,500	100,500	100,488
Facilities acquisition & other capital outlay	80,000	80,000	146,385
Fiscal services	12,200	12,200	12,847
Food services	-	-	20,740
Central services	37,400	37,400	38,172
Pupil transportation services	5,000	5,000	2,600
Operation of plant	63,000	63,000	18,364
Maintenance of plant	4,500	4,500	9,007
Debt services	64,000	64,000	60,220
TOTAL EXPENDITURES	<u>703,400</u>	<u>703,400</u>	<u>784,729</u>
Change in fund balance before other financing sources	64,600	64,600	(4,235)
Other financing sources	<u>-</u>	<u>-</u>	<u>19,000</u>
Net change in fund balance	<u>\$ 64,600</u>	<u>\$ 64,600</u>	<u>\$ 14,765</u>

See accompanying note to required supplemental information.

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - SPECIAL REVENUE AND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue and Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal lunch program	\$ 40,000	\$ 40,000	\$ 49,383
Capital outlay funding	40,000	40,000	39,242
Charges for services	-	-	840
Federal passed through state	18,700	18,700	17,702
TOTAL REVENUES	\$ 98,700	\$ 98,700	\$ 107,167
EXPENDITURES			
Instructional services	\$ 12,200	\$ 12,200	\$ 11,573
Instructional staff training services	-	-	299
School administration	6,500	6,500	-
Facilities acquisition & other capital outlay	40,000	40,000	5,830
Food services	40,000	40,000	50,223
Operation of plant	-	-	39,242
TOTAL EXPENDITURES	98,700	98,700	107,167
Change in fund balance before other financing sources	-	-	-
Other capital outlay	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -

See accompanying note to required supplemental information.

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
NOTE TO THE REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30,

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2013, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund for which a legally adopted budget exists.

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

INDEPENDENT AUDITORS' 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
River Cities Community Charter School, Inc.
Miami, 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 River Cities Community Charter School (the "School"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 5, 2013.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
September 5, 2013

MANAGEMENT LETTER

Board of Directors of
River Cities Community Charter School, Inc.
Miami, Florida

We have audited the basic financial statements of the governmental activities and each major fund of River Cities Community Charter School, Inc. (the "School") a non-major component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2013, and have issued our report dated September 5, 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. We have issued our Independent Auditors' 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*. Disclosures in that report, which is dated September 5, 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 governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- 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.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the 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 the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- 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 school. The official title of the school is River Cities Community Charter School, Inc.
- 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 the School'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 management. We applied such procedures AS OF June 30, 2013 and we noted no deteriorating financial conditions.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, River Cities Community Charter School's management, Board of Directors, others within the entity, and the District School Board of Miami-Dade County, and is not intended to be and should not be used by anyone other than these specified parties.

Verdeja & De Armas, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 5, 2013