

**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, 2012

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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

2011-2012

BOARD OF DIRECTORS

Doretta Crooks, Board Co-Chair
Lisette Piedra, Board Co-Chair
Dia Carter-Webb, Board Member
Dr. Susan Neimand
Wesley Laurent

SCHOOL ADMINISTRATION

Connie Crawford-Rodriguez, School Principal

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities and each major fund of River Cities Community Charter School, Inc., (the "School") a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the School's 2011 financial statements and in our report dated September 9, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities and the general fund.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2012, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and pages 24 and 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 Auditing 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.

A handwritten signature in blue ink that reads "Verdeja & De Armas, LLP". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 10, 2012

Management's Discussion and Analysis
River Cities Community Charter School
June 30, 2012

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, 2012.

FINANCIAL HIGHLIGHTS

1. The assets of the School exceeded its liabilities at June 30, 2012 by \$69,973 (net assets).
2. At year-end, the School had current assets on hand of \$68,160.
3. The School's revenues exceeded its expenses by \$6,810 on a governmental-wide basis.
4. The School qualified for and received \$42,000 in Capital Outlay Funds as well as \$12,000 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, 2012 are presented under GASB 34. 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 Assets* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Government 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, 2012.

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 assets may serve over time as a useful indicator of a school's financial position. In the case of the School, assets exceeded liabilities by \$69,973 at the close of its fiscal year. A summary of the School's net assets as of June 30, 2012 and 2011 follows:

Assets	2012	2011
Cash and cash equivalents	\$ 29,797	\$ 12,124
Due from governmental agencies & accounts receivable	33,263	39,525
Prepaid expenses and other assets	5,100	5,193
Deposit receivable	22,000	20,000
Capital assets, net	169,281	68,614
Total Assets	\$ 259,441	\$ 145,456
Liabilities and Net Assets		
Accounts and wages payable and accrued liabilities	\$ 23,241	\$ 4,788
Note payable	166,227	77,505
Total Liabilities	189,468	82,293
Invested in capital assets, net of related debt	3,054	(8,891)
Unrestricted	66,919	72,054
Total Net Assets	69,973	63,163
Total Liabilities and Net Assets	\$ 259,441	\$ 145,456

At June 30, 2012, the School's total assets were approximately \$259,000 and total liabilities were approximately \$190,000. The School's assets increased primarily due to the purchases of fixed assets and the renovation of additional space for 2 new classrooms for the School. The School's liabilities increased primarily due to the refinance of their loan payable. The loan payable, for the year ended June 30, 2012, increased by \$89,000 to assist the School in paying for its fixed asset purchases and for the classroom renovations for the School. At the end of the fiscal year, the School is able to report a positive balance in the category of net assets of \$69,973.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2012 and 2011 are as follows:

REVENUES	<u>2012</u>	<u>2011</u>
Program Revenues		
Operating grants & contributions	\$ 45,308	\$ -
Capital grants & contributions	41,290	-
General Revenues		
State passed through local	560,315	455,923
Fundraising & other revenue	24,118	15,887
Total Revenues	<u>\$ 671,031</u>	<u>\$ 471,810</u>
 EXPENSES		
Instructional services	\$ 306,037	\$ 244,887
Instructional and curriculum development services	5,370	2,580
Instructional staff training services	413	195
Board	6,790	6,000
School administration	76,310	45,830
Facilities acquisition & construction	-	450
Fiscal services	11,011	1,106
Food services	56,987	24,846
Central services	27,569	25,753
Pupil transportation services	3,756	300
Operation of plant	139,833	85,331
Maintenance of plant	4,756	5,510
Interest expense	9,457	3,193
Unallocated depreciation	15,932	9,011
Total Expenses	<u>664,221</u>	<u>454,992</u>
 Change in Net Assets	6,810	16,818
 Net Assets at Beginning of Year	<u>63,163</u>	<u>46,345</u>
Net Assets at End of Year	<u>\$ 69,973</u>	<u>\$ 63,163</u>

The School's total revenues totaled approximately \$671,000 for the year ended June 30, 2012. Revenues increased during the year mainly due to the increase in enrollment and new capital outlay funding of \$42,000 for which the School was able to qualify this year. The major increase in expenses was due to the increase in rental expenses, increases in salaries for additional teachers due to the increase in enrollment and the food service program administrative expenses. The School was approved for the National School Lunch Program and hired a part-time food service manager to maintain records and assist the principal in administering the program. The School was able to keep other expenses in line with the prior year. The School's changes in net assets were approximately \$7,000 for the year.

ACCOMPLISHMENTS

The 2011-2012 school year was one of maturation for our School. There were numerous challenges during the year, but they did not deter from the many accomplishments. Significantly, the renovation of the building resulted in 2 new classrooms for the school, allowing the enrollment for 2012-2013 to grow to 145. In our current location, our enrollment cap is 154; thus we are virtually fully enrolled for the first time. We currently have a waiting list of approximately 20 students.

The school grade assigned by the FL Department of Education for 2011-2012 was a “D”. However, we believe that the formula used to calculate the school’s grade is flawed in that it takes into account only average grade level scores, comparing one year’s students with the next year’s students. In 2011-2012 the school’s enrollment grew from 75 to 105. Approximately 65 of the new students were 6th graders entering from Miami-Dade County Public School (MDCPS) elementary schools. Of these 65 students, more than half entered with the lowest possible FCAT scores (i.e. 1 in reading, 1 in math). This influx of very low scoring students created the appearance of the School losing ground. A more detailed look at data reveals a different story. Comparing Baseline Test scores in reading and math (Baseline testing being a standardized test given in the first week of classes) for those students entering as 6th graders in 2011 with the same students’ scores entering as 7th graders in 2012, the data shows that **75% of those students’ scores on the Baseline Test in reading improved by an average of 17 percentage points, and 74% of those students’ scores on the Baseline Test in math improved by an average of 10 percentage points.** Given that these tests are given after the summer break in instruction, and that they show a student’s capacity for grade level work, we feel they are a more accurate depiction of skills actually acquired and retained. In addition, we are proud that the School is willing to accept the most vulnerable students and provide them with the tools to become successful students.

A further accomplishment of note was the eighth grade Algebra class. Because we believe that even traditionally “average” students, provided with quality instruction and dedicated teachers, can flourish, we enrolled eleven (11) eighth grade students in Algebra 1, which is an advanced course at the eighth grade level. The Florida Department of Education (FLDOE) has instituted a new mechanism for measuring high school level achievement, replacing the FCAT with End-of-Course Assessments in Algebra, Geometry, Biology and Chemistry. Thus, our eighth grade students taking Algebra 1 needed to take and pass the Algebra End-of-Course exam in order to get the high school credit for completing the course. We are proud to say that 100% of our Algebra students scored at Level 3 or above on the Algebra EOC – in other words, they all passed.

The administration, in conjunction with the staff, Board of Directors and the SAC, will continue its emphasis on collecting data and gathering evidence of learning for the 2012-2013 school year. The School will use funds for 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. Research-based science materials, as well as science supplies such as microscopes, chemistry sets, generators, etc., have been purchased to enhance student learning.

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 Journeys in Reading and FCAT Explorer) to monitor student progress. Teachers will create action plans to address deficient areas found through this data. In addition, the School will take advantage of SES (Supplemental Education Services) monies provided by the state to tutoring companies such as *Above and Beyond*, who will provide tutoring services for any student scoring at Levels 1 or 2 in FCAT math or reading.

This past year, in addition to test results, the School focused on assuring that our students had opportunities for enriching out-of-the-classroom educational experiences that help form the foundation for future learning. These experiences included trips to: Fairchild Tropical Gardens, Little Farm Agricultural Center, Biscayne Nature Center, Oleta Park (kayaking), Greynolds Park, and an overnight camping trip in the Florida Everglades National Park. In addition, students at the School have opportunities for extra-curricular activities through our Girls' Volleyball team, Boys' Basketball and Cheerleading teams. This year, the School will begin an after school chess team.

SCHOOL LOCATION

The School operates at its leased facility located at 3405 NW 27th Ave. Miami, 33142.

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 \$66,919.

CAPITAL ASSETS

The School's investment in capital assets as of June 30, 2012 amounts to \$169,281 (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, 2012 was \$156,250. 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 \$9,977.

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 for the general fund to demonstrate compliance with the School's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State government grants	\$ 584,559	\$ 584,559	\$ 560,315
Federal passed through state	11,500	11,500	11,208
Capital outlay funding	90,000	42,000	41,290
Federal lunch program	17,000	17,000	34,100
Fundraising and other income	14,500	14,500	24,118
TOTAL REVENUE	<u>\$ 717,559</u>	<u>\$ 669,559</u>	<u>\$ 671,031</u>
EXPENDITURES			
Instructional services	\$ 284,000	\$ 284,000	\$ 300,769
Instructional and curriculum development services	3,000	3,000	5,370
Instructional staff training services	3,000	3,000	413
Board	7,000	7,000	6,790
School administration	100,000	100,000	76,309
Facilities acquisition & other capital outlay	153,400	153,400	116,599
Fiscal services	1,000	1,000	11,011
Food services	37,080	37,080	56,987
Central services	28,600	28,600	27,569
Pupil transportation services	2,000	2,000	3,756
Operation of plant	150,500	150,500	145,102
Maintenance of plant	3,300	3,300	4,756
Debt services	-	-	116,485
TOTAL EXPENDITURES	<u>772,880</u>	<u>772,880</u>	<u>871,916</u>
Change in fund balance before other financing sources	(55,321)	(103,321)	(200,885)
Other financing sources	<u>128,000</u>	<u>128,000</u>	<u>195,750</u>
Net change in fund balance	<u>\$ 72,679</u>	<u>\$ 24,679</u>	<u>\$ (5,135)</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.
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	
	2012	2011 (Summarized Comparative Information)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 29,797	\$ 12,124
Due from governmental or other agencies	33,263	39,525
Prepaid expenses and other assets	5,100	5,193
TOTAL CURRENT ASSETS	68,160	56,842
CAPITAL ASSETS		
Building and improvements	123,141	31,353
Less accumulated depreciation	(4,182)	(2,232)
Furniture, fixtures and computer equipment	86,824	62,013
Less accumulated depreciation	(36,502)	(22,520)
Total capital assets, net	169,281	68,614
Deposit receivable	22,000	20,000
TOTAL ASSETS	<u>\$ 259,441</u>	<u>\$ 145,456</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 23,241	\$ 4,788
Note payable - current portion	47,590	37,690
TOTAL CURRENT LIABILITIES	70,831	42,478
Note payable - long term portion	118,637	39,815
TOTAL LIABILITIES	189,468	82,293
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Invested in capital assets, net of related debt	3,054	(8,891)
Unreserved	66,919	72,054
TOTAL NET ASSETS	69,973	63,163
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 259,441</u>	<u>\$ 145,456</u>

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

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS	2012				2011	
	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 Assets	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:						
Instructional services	\$ 306,037	\$ -	\$ 11,208	\$ -	\$ (294,829)	\$ (244,887)
Instructional and curriculum development services	5,370	-	-	-	(5,370)	(2,580)
Instructional staff training services	413	-	-	-	(413)	(195)
Board	6,790	-	-	-	(6,790)	(6,000)
School administration	76,310	-	-	-	(76,310)	(45,830)
Facilities acquisition & construction	-	-	-	-	-	(450)
Fiscal services	11,011	-	-	-	(11,011)	(1,106)
Food services	56,987	-	34,100	-	(22,887)	(24,846)
Central services	27,569	-	-	-	(27,569)	(25,753)
Pupil transportation services	3,756	-	-	-	(3,756)	(300)
Operation of plant	139,833	-	-	41,290	(98,543)	(85,331)
Maintenance of plant	4,756	-	-	-	(4,756)	(5,510)
Interest on long-term debt	9,457	-	-	-	(9,457)	(3,193)
Unallocated depreciation expense	15,932	-	-	-	(15,932)	(9,011)
Total Governmental Activities	\$ 664,221	\$ -	\$ 45,308	\$ 41,290	\$ (577,623)	\$ (454,992)
GENERAL REVENUES:						
Government grants not restricted to specific programs					\$ 560,315	\$ 455,923
Fundraising and other revenue					24,118	15,887
Total general revenues					584,433	471,810
Change in Net Assets					6,810	16,818
NET ASSETS - BEGINNING					63,163	46,345
NET ASSETS - ENDING					<u>\$ 69,973</u>	<u>\$ 63,163</u>

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

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
BALANCE SHEET- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	General Fund	(Summarized Comparative Information)
ASSETS		
Cash and cash equivalents	\$ 29,797	\$ 12,124
Due from governmental or other agencies	33,263	39,525
Deposit receivable	22,000	20,000
Prepaid expenses and other assets	5,100	5,193
TOTAL ASSETS	<u>\$ 90,160</u>	<u>\$ 76,842</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 23,241	\$ 4,788
TOTAL LIABILITIES	<u>23,241</u>	<u>4,788</u>
 FUND BALANCE		
Nonspendable		
Deposit receivable	22,000	20,000
Prepaid expenses and other assets	5,100	5,193
Unassigned	39,819	46,861
TOTAL FUND BALANCE	<u>66,919</u>	<u>72,054</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 90,160</u>	<u>\$ 76,842</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 ASSETS
JUNE 30, 2012**

Total Fund Balance - Governmental Funds \$ 66,919

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

Capital assets of \$209,965, net of accumulated depreciation of \$40,684 used in governmental activities are not financial resources and therefore are not reported in the fund. 169,281

Long-term liabilities of \$166,227 are not due and payable in the current period and therefore, are not reported in the funds. (166,227)

Total Net Assets - Governmental Activities \$ 69,973

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, 2012

	2012				2011
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	(Summarized Comparative Information)
REVENUES					
State passed through local	\$ 560,315	\$ -	\$ -	\$ 560,315	\$ 455,923
Capital outlay funding	-	-	41,290	41,290	-
Federal passed through state		11,208		11,208	-
Federal lunch program	-	34,100	-	34,100	-
Fundraising and other income	24,118	-	-	24,118	15,887
TOTAL REVENUES	\$ 584,433	\$ 45,308	\$ 41,290	\$ 671,031	\$ 471,810
EXPENDITURES					
Current:					
Instructional services	\$ 289,561	\$ 11,208	\$ -	\$ 300,769	\$ 244,887
Instructional and curriculum development services	5,370	-	-	5,370	2,580
Instructional staff training services	413	-	-	413	195
Board	6,790	-	-	6,790	6,000
School administration	76,309	-	-	76,309	45,830
Facilities acquisition & construction	-	-	-	-	450
Fiscal services	11,011	-	-	11,011	1,106
Food services	22,887	34,100	-	56,987	24,846
Central services	27,569	-	-	27,569	25,753
Pupil transportation services	3,756	-	-	3,756	300
Operation of plant	145,102	-	-	145,102	85,331
Maintenance of plant	4,756	-	-	4,756	5,510
Capital Outlay:					
Facilities acquisition and renovation	50,498	-	41,290	91,788	-
Other capital outlay	24,811	-	-	24,811	8,292
Debt Service:					
Redemption of principal	107,028	-	-	107,028	7,404
Interest	9,457	-	-	9,457	3,193
TOTAL EXPENDITURES	\$ 785,318	\$ 45,308	\$ 41,290	\$ 871,916	\$ 461,677
Deficiency of revenues over expenditures	\$ (200,885)	\$ -	\$ -	\$ (200,885)	\$ 10,133
OTHER FINANCING SOURCES					
Proceeds from long-term financing	195,750	-	-	195,750	15,000
Total other financing sources	195,750	-	-	195,750	15,000
Net change in fund balance	(5,135)	-	-	(5,135)	25,133
Fund balance at beginning of year	72,054	-	-	72,054	46,921
Fund balance at end of year	\$ 66,919	\$ -	\$ -	\$ 66,919	\$ 72,054

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, 2012

Net Change in Fund Balance - Governmental Funds \$ (5,135)

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 \$116,599 exceeded depreciation of \$15,932. 100,667

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 proceeds of \$195,750 exceeded repayments of \$107,028 in the current period. (88,722)

Change in Net Assets of Governmental Activities \$ 6,810

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

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, 2012, when 105 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:

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

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) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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. 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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:

- 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.
- 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. There were no restricted net assets for the years ending June 30, 2012.
- Unrestricted – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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, 2012, the School had \$27,100 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, 2012, 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, 2012, 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, 2012, 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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, 2012, 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 10, 2012, 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 FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012:

	Balance 7/1/2011	Additions	Deletions	Balance 6/30/2012
Capital Assets				
Building & improvements	\$ 31,353	\$ 91,788	\$ -	\$ 123,141
Furniture & equipment	62,013	24,811	-	86,824
Total Capital Assets	93,366	116,599	-	209,965
Less Accumulated Depreciation				
Building & improvements	(2,232)	(1,950)	-	(4,182)
Furniture & equipment	(22,520)	(13,982)	-	(36,502)
Total Accumulated Depreciation	(24,752)	(15,932)	-	(40,684)
Capital Assets, net	\$ 68,614	\$ 100,667	\$ -	\$ 169,281

Unallocated depreciation expense for the year ended June 30, 2012 was \$15,932.

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, 2012, the amount drawn and outstanding was \$156,250. 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 7/1/2011	Additions	Retirements	Balance 6/30/2012
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.	\$ -	\$ 10,750	\$ (773)	\$ 9,977
Note Payable, issued on September 19, 2011, with monthly payments of principal and interest totaling \$4,384, bearing interest of 5.5%. The note matures on September 1, 2015.	77,505	185,000	(106,255)	156,250
Total	\$ 77,505	\$ 195,750	\$ (107,028)	\$ 166,227

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – NOTE PAYABLE (Continued)

Maturities of long-term debt are as follows:

<u>Year Ended June 30</u>	
2013	\$ 47,590
2014	50,339
2015	53,248
2016	<u>15,050</u>
Total	<u><u>\$ 166,227</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, 2012, the carrying amount of the School's cash deposit accounts was \$29,797 (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, 2012 was \$91,350. 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>	
2013	\$ 79,104
2014	83,060
2015	<u>87,213</u>
Total	<u><u>\$ 249,377</u></u>

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, 2012**

	<u>General Fund Budget</u>		<u>General Fund</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
State government grants	\$ 584,559	\$ 584,559	\$ 560,315
Fundraising and other income	14,500	14,500	24,118
TOTAL REVENUE	<u>\$ 599,059</u>	<u>\$ 599,059</u>	<u>\$ 584,433</u>
EXPENDITURES			
Instructional services	\$ 272,500	\$ 272,500	\$ 289,561
Instructional and curriculum development services	3,000	3,000	5,370
Instructional staff training services	3,000	3,000	413
Board	7,000	7,000	6,790
School administration	100,000	100,000	76,309
Facilities acquisition & other capital outlay	63,400	63,400	75,309
Fiscal services	1,000	1,000	11,011
Food services	20,080	20,080	22,887
Central services	28,600	28,600	27,569
Pupil transportation services	2,000	2,000	3,756
Operation of plant	150,500	150,500	145,102
Maintenance of plant	3,300	3,300	4,756
Debt services	-	-	116,485
TOTAL EXPENDITURES	<u>654,380</u>	<u>654,380</u>	<u>785,318</u>
Change in fund balance before other financing sources	(55,321)	(55,321)	(200,885)
Other financing sources	<u>128,000</u>	<u>128,000</u>	<u>195,750</u>
Net change in fund balance	<u>\$ 72,679</u>	<u>\$ 72,679</u>	<u>\$ (5,135)</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, 2012

	Special Revenue and Capital Projects Fund		
	Original		
	Budget	Final Budget	Actual
REVENUES			
Federal lunch program	\$ 17,000	\$ 17,000	\$ 34,100
Capital outlay funding	90,000	42,000	41,290
Federal passed through state	11,500	11,500	11,208
TOTAL REVENUES	<u>\$ 118,500</u>	<u>\$ 70,500</u>	<u>\$ 86,598</u>
EXPENDITURES			
Instructional services	\$ 11,500	\$ 11,500	\$ 11,208
Facilities acquisition & other capital outlay	90,000	42,000	41,290
Food services	17,000	17,000	34,100
TOTAL EXPENDITURES	<u>118,500</u>	<u>70,500</u>	<u>86,598</u>
Change in fund balance before other financing sources	-	-	-
Other capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplemental information.

RIVER CITIES COMMUNITY CHARTER SCHOOL, INC.
NOTE TO THE REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2012

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, 2012 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 the financial statements of the governmental activities and each major fund of River Cities Community Charter School, Inc. (the "School") a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 10, 2012. 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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, 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 the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, federal and state awarding agencies, the State of Florida Office of the Auditor General and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 10, 2012

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, 2012, and have issued our report dated September 10, 2012.

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 on Compliance and Other Matters. Disclosures in that report, which is dated September 10, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of 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. There were no findings made in the preceding annual financial audit report.
- 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 violations of provisions contracts or grant agreements, or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)6., 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.
- 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.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures as of June 30, 2102, which included calculation and analysis of certain financial indicators we considered relevant to the School. Our financial condition assessment procedures did not include the use of benchmarks. It is management's responsibility to monitor Excelsior Academy Charter High 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 and no deteriorating financial conditions have been noted.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of River Cities Community School's management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, and the State of Florida Office of the Auditor General, and other regulatory agencies 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 10, 2012