

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

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

Miami Shores, Florida

Basic Financial Statements and
Independent Auditors' Report

June 30, 2009

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

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

2008-2009

Administration

Executive Director: Gary Meredith (2008-Present)

Board of Directors

Chairperson William Heffernan (2004-2009)

Vice Chairperson Joan Lutton (2004-2009)

Treasurer Evelyn D'An (2006-2009)

Secretary Alice Burch (2004-2009)

Board Members Reid Bernstein (2005-2009) Alison Harke (2007-2009)
Lisette Reid (2004-2009) Alan Silbert (2007-2009)
Dennis Kleinman (2005-2009) Alina Gonzalez (2007-2009)
Judy Harris-Looby (2008-2009) Chester Morris (2008-2009)
Dr. Jose Mark Rub (2008-2009)

Jill Farrell (2007-2008)
George F. Daviglius (2007-2008)
W. Al Davis (2007-2008)

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores, (DCSMS) a Charter School Authority established by, and under the auspices of, Miami Shores Village, a Florida municipal corporation, as of, and for the year ended June 30, 2009, 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 basic financial statements based on our audit. The prior year summarized comparative information has been derived from the School's 2008 financial statements and, in our report dated August 19, 2009, we expressed an unqualified opinion 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of DCSMS, as of June 30, 2009 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 August 19, 2009, on our consideration of DCSMS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages 4 through 7 and the Schedules of Revenues, Expenditures and Changes in Fund Balance—budget to actual on page 20 and 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

HLB Grinnin, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 19, 2009

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

As management of Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores (DCSMS), we offer readers of DCSMS's financial statements this narrative overview and analysis of the financial activities of the DCSMS for the year ended June 30, 2009. We encourage readers to consider this information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

DCSMS provided middle and high school education for 557 students in grades six through twelve under a charter sponsored by the District School Board of Miami-Dade County, Florida.

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

Financial Highlights

- DCSMS's net assets increased during the year by \$55,138 which essentially represents a breakeven year.
- DCSMS earned an "A" in the Florida School Accountability Program for the 2008-2009 school year and may receive award funds. These funds will be distributed to the faculty and staff responsible for DCSMS's performance.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the DCSMS's basic financial statements. DCSMS's financial statements for the year ended June 30, 2009 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 supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 8 - 9 of this report.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. DCSMS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the DCSMS are governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The basic government fund financial statements can be found on pages 10-13 of this report.

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

The notes to the financial statements can be found on pages 14 - 19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by \$783,891 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2009 and 2008 follows:

	2009	2008
Cash	\$ 530,890	\$ 277,459
Receivables	9,069	11,606
Prepaid expenses and other assets	30,949	50,402
Due from other agencies	49,434	68,881
Capital Assets	<u>393,744</u>	<u>522,927</u>
Total Assets	<u>\$ 1,014,086</u>	<u>\$ 931,275</u>
Current liabilities	\$ 230,195	\$ 202,523
Long-term payable to other governments	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ 230,195</u>	<u>\$ 202,523</u>
Invested in capital assets	\$ 393,744	\$ 522,927
Board restricted for designated activities	62,541	50,795
Unrestricted	<u>327,606</u>	<u>155,030</u>
Total Net Assets	<u>\$ 783,891</u>	<u>\$ 728,752</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

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

A summary and analysis of DCSMS's revenues and expenses for the years ended June 30, 2009 and 2008 follows.

	<u>2009</u>	<u>2008</u>
REVENUES		
Program Revenues		
Local sources	\$ 665,489	\$ 399,219
State capital outlays	261,731	323,638
General Revenues		
Government Grants Not Restricted	3,452,547	3,474,742
Interest	3,310	12,657
Fundraising and other revenues	<u>68,074</u>	<u>100,211</u>
Total Revenues	<u>\$4,451,151</u>	<u>\$4,310,467</u>
EXPENSES		
Instruction	\$2,474,773	\$2,350,237
Instruction and Curriculum		
Development Services	140,586	133,950
Instructional Staff Training Services	2,874	5,749
General Administration	239,222	257,948
School Administration	439,009	364,904
Fiscal Services	209,613	314,450
Food Services	104,054	104,477
Central Services	90,857	85,500
Pupil Transportation Services	82,920	86,225
Operation of Plant	309,980	309,148
Maintenance of Plant	132,101	231,489
Community Service	3,129	9,301
Unallocated depreciation	<u>166,895</u>	<u>154,991</u>
Total Expenses	<u>4,396,013</u>	<u>4,408,369</u>
Increase(decrease) – in net assets	55,138	(97,902)
Net Assets at Beginning of Year	<u>728,753</u>	<u>826,655</u>
Net Assets at End of Year	<u>\$ 783,891</u>	<u>\$ 728,753</u>

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

For those students who live more than two miles and less than four miles from DCSMS facilities, DCSMS receives transportation funding from the District School Board of Miami-Dade County, Florida using the FEFP formula to reimburse DCSMS for the cost of transporting these students to school. DCSMS received \$53,717 for the 2008-2009 school year for 127 students or \$422 per student. The cost of providing transportation services was \$72,413, net of \$10,507 in fees charged. DCSMS thus provided transportation services at a deficit of \$16,696. This deficit was funded through donations, interest, and general fundraising.

Financial Analysis of the Government's Funds

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

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

Achievements

DCSMS is a college preparatory school that emphasizes the core curriculum to prepare the students for the college of their choice. Students are required to attend seven periods of instruction from 8:00 a.m. to 3:15 p.m. The school has an interdisciplinary approach employing thematic units. Technology is infused throughout all subjects to enhance the educational experience of our students. Highly-qualified teachers, with paraprofessional assistance, instruct the students in the core courses. Individualized instruction is further augmented by tutoring and supplemental instruction provided by many of our teachers on a weekly basis. Close contact with parents is maintained through our school website, a weekly newsletter, and online posting of daily homework, projects, and grades. Honor societies and various clubs are offered after school to allow our students to explore areas of personal interest. An athletic program is offered that includes a variety of team sports. DCSMS has met Adequate Yearly Progress (AYP) of No Child Left Behind for the past six years and has been an "A" school since 2002.

Request for Information

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
STATEMENT OF NET ASSETS
JUNE 30, 2009

	2009	2008 (Summarized Comparative Information)
<u>Assets</u>		
Current Assets:		
Cash	\$ 530,890	\$ 277,459
Accounts receivable, no allowance necessary	9,069	11,606
Due from other agencies	49,434	68,881
Prepaid expenses	9,733	26,724
	<u>599,126</u>	<u>384,670</u>
Capital assets, depreciable	1,206,383	1,168,672
Less accumulated depreciation	(812,639)	(645,745)
	<u>393,744</u>	<u>522,927</u>
Deposits	<u>21,216</u>	<u>23,679</u>
Total Assets	<u>\$ 1,014,086</u>	<u>\$ 931,276</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable	\$ 166	\$ 3,227
Accrued liabilities	230,029	199,296
Total Liabilities	<u>230,195</u>	<u>202,523</u>
Net Assets:		
Invested in capital assets	393,744	522,927
Donor restricted	161,684	-
Board restricted for designated activities	62,541	50,795
Unrestricted	165,922	155,031
Total Net Assets	<u>783,891</u>	<u>728,753</u>
Total Liabilities and Net Assets	<u>\$ 1,014,086</u>	<u>\$ 931,276</u>

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS	2009				2008	
	Program Revenues				(Summarized Comparative Information)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) and Changes in Net Assets	Net (Expense) and Changes in Net Assets
Component Unit Activities:						
Instruction	\$ 2,474,773	\$ -	\$ 471,483	\$ -	\$ (2,003,290)	\$ (2,111,728)
Instruction and Curriculum Development	140,586	135,438			(5,148)	(19,294)
Instructional Staff Training Services	2,874				(2,874)	(5,749)
General Administration	239,222				(239,222)	(257,948)
School Administration	439,009				(439,009)	(364,904)
Fiscal Services	209,613				(209,613)	(314,450)
Food Services	104,054	48,061	78,253		22,260	(9,036)
Central Services	90,857				(90,857)	(85,500)
Pupil Transportation Services	82,920	10,507			(72,413)	(72,555)
Operation of Plant	309,980			180,000	(129,980)	(129,148)
Maintenance of Plant	132,101			81,731	(50,370)	(87,851)
Community Services	3,129				(3,129)	(9,301)
Unallocated depreciation	166,895				(166,895)	(154,991)
Total Component Unit Activities	4,396,013	194,006	549,736	261,731	(3,390,540)	(3,622,455)
General revenues:						
Government grants not restricted to specific programs					3,374,294	3,416,233
Interest income					3,310	12,657
Fundraising and other revenue					68,074	95,663
Change in Net Assets					55,138	(97,902)
Net assets - beginning					728,753	826,655
Net assets - ending					<u>\$ 783,891</u>	<u>\$ 728,753</u>

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
BALANCE SHEET
JUNE 30, 2009

	2009			2008	
	General Fund	Special Revenue Fund	Non-major fund fundraising	Total Governmental Funds	(Summarized Comparative Information)
Assets					
Cash	\$ 306,665	\$ 161,684	\$ 62,541	\$ 530,890	\$ 277,459
Accounts receivable, no allowance necessary	9,069	-	-	9,069	11,606
Due from other agencies	-	49,434	-	49,434	68,881
Prepaid expenses	9,733	-	-	9,733	26,724
Deposits receivable	21,216	-	-	21,216	23,679
Interfund receivable	49,434	-	-	49,434	68,881
Total Assets	<u>\$ 396,117</u>	<u>\$ 211,118</u>	<u>\$ 62,541</u>	<u>\$ 669,776</u>	<u>\$ 477,230</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 230,195	\$ -	\$ -	\$ 230,195	\$ 202,523
Interfund liability		49,434	-	49,434	68,881
Total Liabilities	<u>230,195</u>	<u>49,434</u>	<u>-</u>	<u>279,629</u>	<u>271,404</u>
Fund balance					
Unreserved	165,922	-	-	165,922	155,031
Donor restricted	-	161,684	-	161,684	
Reserved for designated activities	-	-	62,541	62,541	50,795
Total Fund Balance	<u>165,922</u>	<u>161,684</u>	<u>62,541</u>	<u>390,147</u>	<u>205,826</u>
Total Liabilities and Fund Balance	<u>\$ 396,117</u>	<u>\$ 211,118</u>	<u>\$ 62,541</u>	<u>\$ 669,776</u>	<u>\$ 477,230</u>

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

Total Fund Balance - Governmental Funds \$ 390,147

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

Capital assets of \$1,206,383 net of accumulated depreciation of \$812,639 used in governmental activities are not financial resources and therefore are not reported in the fund.

393,744

Total Net Assets - Governmental Activities

\$ 783,891

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2009

	2009			2008	
	General Fund	Special Revenue Fund	Non-major fund fundraising	Total Governmental Funds	(Summarized Comparative Information)
Revenues:					
State capital outlay funding	\$ -	\$ 261,731	\$ -	\$ 261,731	\$ 323,638
State passed through local	3,374,294	-	-	3,374,294	3,474,742
Local sources	452,379	213,110	-	665,489	360,581
Federal school lunch program	-	78,253	-	78,253	38,638
Fundraising and other revenues	4,431	-	63,643	68,074	100,211
Interest income	2,237	-	1,073	3,310	12,657
Total Revenues	\$ 3,833,341	\$ 553,094	\$ 64,716	\$ 4,451,151	\$ 4,310,467
Expenditures:					
Current:					
Instruction	\$ 2,465,055	\$ 3,365	\$ 6,353	\$ 2,474,773	\$ 2,350,237
Instructional and Curriculum Development	96,038	-	44,548	140,586	133,950
Instructional Staff Training Services	2,819	-	55	2,874	5,749
General Administration	239,184	-	38	239,222	257,948
School Administration	439,009	-	-	439,009	364,904
Fiscal Services	209,613	-	-	209,613	314,450
Food Services	-	104,054	-	104,054	104,477
Central Services	90,857	-	-	90,857	85,500
Pupil Transportation Services	82,920	-	-	82,920	86,225
Operation of Plant	129,980	180,000	-	309,980	309,148
Maintenance of Plant	69,755	62,087	259	132,101	231,489
Community Services	-	-	3,129	3,129	9,301
Capital Outlay:					
Facilities Acquisition and Construction	18,067	19,644	-	37,711	66,278
Debt Service:					
Redemption of Principal Interest	-	-	-	-	100,000
Total Expenditures	3,843,297	369,150	54,382	4,266,829	4,419,656
Excess (deficit) of Revenues Over Expenditures	(9,956)	183,944	10,334	184,322	(109,189)
Other financing sources					
Transfer in and (out)	22,260	(22,260)	-	-	-
Net change in fund balance	12,304	161,684	10,334	184,322	(109,189)
Fund Balance at beginning of year	153,618	-	52,207	205,825	315,014
Fund Balance at end of year	\$ 165,922	\$ 161,684	\$ 62,541	\$ 390,147	\$ 205,825

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Change in Fund Balance - Governmental Funds \$ 184,322

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 \$37,711 differed from depreciation expense of \$166,895.

(129,184)

Change in Net Assets of Governmental Activities

\$ 55,138

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The general operating authority of DCSMS is contained in Section 1002.33 of the Florida Statutes. DCSMS operated under a charter of the sponsoring district, the District School Board of Miami-Dade County, Florida (the "District"). The charter is effective until June 30, 2020. These financial statements are for the fiscal year ended June 30, 2009 which covers the 2008-2009 school year. DCSMS had an enrollment of 557 students during that school year.

Basic Financial Statements

The basic financial statements include both 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 and changes in net assets. These statements report information for DCSMS as a whole. 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 each major governmental fund. Non-major funds are summarized into a single column.

DCSMS reports the following major funds:

- General Fund – used to account for the full-time equivalent (FTE) revenue received from the District and the expenditures incurred under the charter with the District. In addition, it accounts for unrestricted contributions, interest income and other income
- Special Revenue Fund – used to account for resources legally restricted to specifically approved expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, DCSMS reports the following non-major fund:

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of DCSMS are prepared in accordance with generally accepted accounting principles (GAAP). DCSMS's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) 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 GASB pronouncements, in which case, GASB prevails.

The government-wide financial 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) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues, they include grants and donations. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Government-wide financial statements also report capital assets and long-term debt.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. 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. DCSMS 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 and other liabilities which are reported as expenditures when the obligations are expected to be liquidated with expendable available financial resources.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the period, expenditures were controlled at the function level.

Cash

Cash and cash equivalents include cash on hand, demand deposits and any short-term investments with original maturities of three months or less from the date of acquisition.

Due from Other Government Agencies

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

Capital Assets

DCSMS's property, plant and equipment with useful lives of more than one year are stated at historical cost and reported in the statement of net assets in the government-wide financial statements. Donated assets are stated at fair value on the date donated. DCSMS generally capitalizes assets with a cost of more than \$750 for tangible personal property and more than \$1,500 for improvements other than buildings. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the statement of activities. Estimated useful lives, in years, for depreciable assets are as follows:

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

Pursuant to the Florida Statutes, any capital assets purchased with funds provided by the District would revert to the District upon termination of the charter. Management maintains records of such purchases. During the year ended June 30, 2009 \$19,644 of capital outlay or FTE funds were used to purchase capital assets.

Charges for Services

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources

Revenues for operations are received primarily from the District pursuant to the funding provisions included in the DCSMS's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, DCSMS will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for DCSMS 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 DCSMS during the designated full-time equivalent student survey periods. In addition, DCSMS receives an annual allocation of capital outlay funds.

Use of Estimates

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

NOTE 2 – INCOME TAXES

DCSMS is an agency of Miami Shores Village, a Florida municipal corporation pursuant to Chapter 2, Article VI, Sections 2.90 et seq of the Village Code, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

NOTE 3 – CONCENTRATION OF RISK FOR CASH HELD AT BANKS

As of June 30, 2009, the carrying amount of DCSMS's deposits was \$530,890 and the respective bank balance totaled \$537,406, which is subject to coverage under the Federal Deposit Insurance Corporation (FDIC).

NOTE 4 – CONTINGENCIES AND CONCENTRATIONS

DCSMS receives 78% of its revenues from the District. These funds are subject to audit by the District and the State of Florida, the purpose of which is to ensure compliance with conditions precedent to funding. Any liabilities for reimbursement that may arise as a result of these audits are not reflected in the financial statements.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5 – CHANGES IN CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets for year ended June 30, 2009:

	Balance 6/30/07	Additions	Disposal	Balance 6/30/08
Capital Assets:				
Furniture and fixtures	\$619,070			\$619,070
Building and fixed equipment	518,866	30,858		549,724
Computer software	<u>30,736</u>	<u>6,853</u>	<u>-</u>	<u>37,589</u>
Total Capital Assets	1,168,672	37,711		1,206,383
Less Accumulated Depreciation:				
Furniture and fixtures	(482,503)	(105,132)		(587,635)
Building and fixed equipment	(154,572)	(54,989)		(209,561)
Computer software	<u>(8,670)</u>	<u>(6,773)</u>		<u>(15,443)</u>
Total Accumulated Depreciation	<u>(645,745)</u>	<u>(166,895)</u>	<u>-</u>	<u>(812,639)</u>
Capital Assets	<u>\$522,927</u>			<u>\$393,744</u>

Depreciation expense for the year ended June 30, 2009 was \$166,895.

NOTE 6 – RELATED PARTY TRANSACTIONS

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

MSV received support for the construction of the building and facilities from North Dade Medical Foundation, Inc. (NDMF) in the form of a \$5,000,000 grant. Under a grant agreement between NDMF and MSV, a portion of those funds is to be used to supplement the annual operating income of the charter school operations. Consequently, during the year ended June 30, 2009, DCSMS received \$250,000 from MSV pursuant to the grant agreement. In addition, MSV had a non-interest bearing advances to DCSMS with a balance of \$100,000 that was paid off during 2007-2008.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6 – RELATED PARTY TRANSACTIONS (CONTINUED)

Pursuant to the School charter agreement with the District, DCSMS pays a management fee of 5% of qualifying revenues to the District. During the year ended June 30, 2009, fees paid to the District totaled \$155,929.

NOTE 7 – COMMITMENTS

DCSMS has elected to participate in a Group Retirement Annuity Trust (the “Plan”) to provide retirement savings and incidental benefits for its employees. Employees may contribute a percentage of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. DCSMS will contribute 5% of the employee’s base salary and will match an additional 4% if the employee contributes 5% for a total potential match of 9%. As of June 30, 2009, DCSMS incurred \$151,359 in contribution costs related to the Plan.

REQUIRED SUPPLEMENTARY INFORMATION

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund		
	Original Budget	Final Budget	Actual
Revenues:			
State passed through local	\$ 3,384,596	\$ 3,467,672	\$ 3,374,294
Local sources	229,472	229,472	456,810
Interest income	10,000	10,000	2,237
Total Revenues	\$ 3,624,068	\$ 3,707,144	\$ 3,833,341
Expenditures:			
Current:			
Instruction	\$ 2,334,057	\$ 2,334,057	\$ 2,465,055
Instructional and Curriculum Development	203,585	193,585	96,038
Instructional Staff Training Services	4,700	4,700	2,819
General Administration	388,975	388,975	239,184
School Administration	451,637	451,637	439,009
Fiscal Services	248,520	239,739	209,613
Food Services	-	-	-
Central Services	90,740	90,740	90,857
Pupil Transportation Services	80,400	80,400	82,920
Operation of Plant	135,000	135,000	129,980
Maintenance of Plant	104,914	104,914	69,755
Community Services	-	-	-
Capital Outlay:			
Facilities Acquisition and Construction	82,648	82,648	18,067
Debt Service:			
Redemption of Principal	-	-	-
Interest	-	-	-
Total Expenditures	\$ 4,125,176	\$ 4,106,395	\$ 3,843,297

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
Revenues:			
State capital outlay funding	\$ 445,400	\$ 445,400	\$ 261,731
Local sources	-	-	213,110
Federal school lunch program			78,253
Total Revenues	<u>\$ 445,400</u>	<u>\$ 445,400</u>	<u>\$ 553,094</u>
Expenditures:			
Current:			
Instruction	\$ -	\$ -	\$ 3,365
Food service	-	-	104,054
Operation of Plant	180,000	180,000	180,000
Maintenance of Plant	265,400	265,400	62,087
Capital Outlay:			
Facilities Acquisition and Construction	-	-	19,644
Total Expenditures	<u>\$ 445,400</u>	<u>\$ 445,400</u>	<u>\$ 369,150</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Miami Shores Village Charter School Authority D/B/A Doctors Charter School of Miami Shores, ("DCSMS") as of, and for the year ended June 30, 2009 and have issued our report thereon dated August 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects DCSMS's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of DCSMS's financial statements that is more than inconsequential will not be prevented or detected by DCSMS's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by DCSMS's internal control.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the audit committee, Village Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HCB Guarino, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 19, 2009

MANAGEMENT LETTER

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

We have audited the accompanying basic financial statements of Miami Shores Village Charter School Authority d/b/a Doctors Charter School of Miami Shores as of and for the year ended June 30, 2009 and have issued our report thereon dated August 19, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosure in those reports, which are dated August 19, 2009, should be considered in conjunction with this management letter.

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

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

Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

2. 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.

3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, 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 more than inconsequential.

In connection with our audit, we did not have any such violations.

4. 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 are inconsequential to the determination of financial statement accounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

In connection with our audit, we did not have any such findings.

5. Section 10854.(1)(e)6., Rules of the Auditor General, requires the name or official title of the school.

The official title of the school is disclosed in the accompanying financial statements.

6. 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, no such conditions were noted.

7. Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10)., Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

We have applied such procedures and no deteriorating financial condition has been noted.

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

HLB Grawwin, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 19, 2009