

216040  
Combination ①

**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, 2010

TABLE OF CONTENTS

General Information .....	1
Independent Auditors' Report .....	2-3
Management's Discussion and Analysis (Required Supplementary Information) .....	4-7
<b>Basic Financial Statements:</b>	
<i>Government-wide Financial Statement:</i>	
Statement of Net Assets .....	8
Statement of Activities .....	9
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds .....	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets. ....	11
Statement of Revenues, Expenditures and Change in Fund Balance – Governmental Funds. ....	12
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of Governmental Funds to the Statement of Activities. ....	13
Notes to the Basic Financial Statements .....	14-19
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Change in Fund Balance Budget and Actual – Major Funds. ....	20-21
<b>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 .....</b>	
<b>Management Letter .....</b>	22-23 24-25

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

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

2009-2010

**Administration**

Executive Director: Gary Meredith (2008-Present)

**Board of Directors**

Chairperson Alan Silbert, MD (2007-2010)

Vice Chairperson Dr. Joan Lutton (2004-2010)

Treasurer Evelyn D'An (2006-2010)

Secretary Alice Burch (2004-2010)

Board Members	Reid Bernstein (2005-2010)	Alison Harke (2007-2010)
	Dennis Kleinman (2005-2010)	Chester Morris (2008-2010)
	William Heffernan (2004-2010)	Dr. Terry Piper (2009-2010)
	Ellen Bonet (2009-2010)	Jim McCoy (2009-2010)
	Sarah Mourer (2009-2010)	

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, 2010, 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 2009 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, 2010 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 30, 2010, 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.

Handwritten signature in cursive script that reads "HLB Gravin, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 30, 2010

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY  
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

---

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, 2010. 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 560 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 decreased during the year by \$240,248 due primarily from operating grants funds that did not reoccur during the current year. \$250,000 of such grants was available but not requested.
- DCSMS has been an "A" school in the Florida School Accountability Program since the 2002 school year. Grade for the 2009-2010 school year are expected to be announced in November 2010. Any funds received as a result of the program 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, 2010 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, 2010

---

**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 \$558,743 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2010 and 2009 follows:

	2010	2009
Cash	\$ 503,522	\$ 530,890
Receivables	22,116	9,069
Prepaid expenses and other assets	28,745	30,949
Due from other agencies	37,101	49,434
Capital Assets	<u>259,530</u>	<u>393,744</u>
Total Assets	<u>\$ 834,014</u>	<u>\$1,014,086</u>
Current liabilities	\$ 275,271	\$ 230,195
Long-term payable to other governments	-	-
Total Liabilities	<u>\$ 275,271</u>	<u>\$ 230,195</u>
Invested in capital assets	\$ 259,530	\$ 393,744
Board restricted for designated activities	68,062	62,541
Donor restricted	99,829	161,684
Unrestricted	<u>116,221</u>	<u>165,922</u>
Total Net Assets	<u>\$ 558,743</u>	<u>\$ 783,891</u>

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY  
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

---

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, 2010 and 2009 follows.

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
State capital outlay funding	\$ 287,095	\$ 261,731
State passed through local	3,362,324	3,374,294
Local sources	40,772	471,483
Federal school lunch program	101,371	78,253
Charges for services	237,932	194,006
Fundraising and other revenues	25,066	68,074
Interest Income	2,499	3,310
Total Revenues	<u>4,089,160</u>	<u>\$4,451,151</u>
<b>EXPENSES</b>		
Instruction	\$2,237,129	\$2,474,773
Instruction and Curriculum		
Development Services	155,281	140,586
Instructional Staff Training Services	-	2,874
General Administration	407,331	239,222
School Administration	400,108	439,009
Fiscal Services	231,808	209,613
Food Services	126,739	104,054
Central Services	80,286	90,857
Pupil Transportation Services	83,235	82,920
Operation of Plant	304,223	309,980
Maintenance of Plant	117,215	132,101
Community Service	5,444	3,129
Unallocated depreciation	<u>165,508</u>	<u>166,895</u>
Total Expenses	<u>4,314,307</u>	<u>4,396,013</u>
Increase(decrease) – in net assets	(225,147)	55,138
Net Assets at Beginning of Year	<u>783,890</u>	<u>728,752</u>
Net Assets at End of Year	<u>\$ 558,743</u>	<u>\$ 783,890</u>

DCSMS's revenue decreased by \$361,991 in the current year and expenses decreased by \$81,706. The most significant cause for the revenue decrease was a one-time operation grant of \$165,000 from North Dade Medical Foundation, Inc. restricted for the music department that was received in the prior year. In addition, DCSMS did not request grant funds available from North Dade Medical Foundation that are held by Miami Shores Village for operating expenses. Such funds were requested in the prior year in the amount of \$250,000. The decrease in expenses is mainly due to a decrease in Instructional which includes professional salaries for teachers.



MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY  
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010

---

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 \$51,377 for the 2009-2010 school year for 131 students or \$391 per student. The cost of providing transportation services was \$67,639, net of \$15,596 in fees charged. DCSMS thus provided transportation services at a deficit of \$16,262. 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. DCSMS offers a unique course offering by allowing students to complete courses online via Florida Virtual Schools during the school day. This allows the students to take higher level courses that are not offered on campus. 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. Every student that has graduated from DCSMS has been accepted into the college of their choice. 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. 5<sup>th</sup> 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, 2010

	2010	2009 (Summarized Comparative Information)
<b><u>Assets</u></b>		
Current Assets:		
Cash	\$ 503,522	\$ 530,890
Accounts receivable, net of allowance	5,116	9,068
Due from other agencies	37,101	49,434
Prepaid expenses	7,529	9,733
	<u>553,268</u>	<u>599,125</u>
Capital assets, depreciable	1,237,677	1,206,383
Less accumulated depreciation	<u>(978,147)</u>	<u>(812,639)</u>
	259,530	393,744
Deposits	<u>21,216</u>	<u>21,216</u>
Total Assets	<u>\$ 834,014</u>	<u>\$ 1,014,085</u>
<b><u>Liabilities and Net Assets</u></b>		
Current Liabilities:		
Accounts payable	\$ 27,706	\$ 166
Accrued liabilities	247,565	230,029
Total Liabilities	<u>275,271</u>	<u>230,195</u>
Net Assets:		
Invested in capital assets	259,530	393,744
Donor restricted	99,829	161,684
Board restricted for designated activities	68,062	62,541
Unrestricted	131,322	165,921
Total Net Assets	<u>558,743</u>	<u>783,890</u>
Total Liabilities and Net Assets	<u>\$ 834,014</u>	<u>\$ 1,014,085</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, 2010

FUNCTIONS	2010				2009	
	Program Revenues				(Summarized Comparative Information)	
	Expenses	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
<b>Component Unit Activities:</b>						
Instruction	\$ 2,237,129	\$ -	\$ 40,772	\$ -	\$ (2,196,357)	\$ (2,003,290)
Instruction and Curriculum Development	155,281	183,026			27,745	(5,148)
Instructional Staff Training Services					-	(2,874)
General Administration	407,331				(407,331)	(239,222)
School Administration	400,108				(400,108)	(439,009)
Fiscal Services	231,808				(231,808)	(209,613)
Food Services	126,739	39,310	101,371		13,942	22,260
Central Services	80,286				(80,286)	(90,857)
Pupil Transportation Services	83,235	15,596			(67,639)	(72,413)
Operation of Plant	304,223			212,101	(92,122)	(129,980)
Maintenance of Plant	117,215			80,356	(36,859)	(50,370)
Community Services	5,444				(5,444)	(3,129)
Unallocated depreciation	165,508			26,739	(138,769)	(166,895)
<b>Total Component Unit Activities</b>	<b>4,314,307</b>	<b>237,932</b>	<b>142,143</b>	<b>319,196</b>	<b>(3,615,036)</b>	<b>(3,390,540)</b>
General revenues:						
Government grants not restricted to specific programs					3,362,324	3,374,294
Interest income					2,499	3,310
Fundraising and other revenue					25,066	68,074
Change in Net Assets					(225,147)	55,138
Net assets - beginning					783,890	728,752
Net assets - ending					\$ 558,743	\$ 783,890

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, 2010

	2010			2009	
	General Fund	Special Revenue Fund	Non-major fund fundraising	Total Governmental Funds	(Summarized Comparative Information)
<b>Assets</b>					
Cash	\$ 335,631	\$ 99,829	\$ 68,062	\$ 503,522	\$ 530,890
Accounts receivable, no allowance necessary	5,116	-	-	5,116	9,068
Due from other agencies	-	37,101	-	37,101	49,434
Prepaid expenses	7,529	-	-	7,529	9,733
Deposits receivable	21,216	-	-	21,216	21,216
Interfund receivable	37,101	-	-	37,101	49,434
<b>Total Assets</b>	<b>\$ 406,593</b>	<b>\$ 136,930</b>	<b>\$ 68,062</b>	<b>\$ 611,585</b>	<b>\$ 669,775</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 275,271	\$ -	\$ -	\$ 275,271	\$ 230,195
Interfund liability		37,101	-	37,101	49,434
<b>Total Liabilities</b>	<b>275,271</b>	<b>37,101</b>	<b>-</b>	<b>312,372</b>	<b>279,629</b>
<b>Fund balance</b>					
Unreserved	131,322	-	-	131,322	165,921
Donor restricted	-	99,829	-	99,829	161,684
Reserved for designated activities	-	-	68,062	68,062	62,541
<b>Total Fund Balance</b>	<b>131,322</b>	<b>99,829</b>	<b>68,062</b>	<b>299,213</b>	<b>390,146</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 406,593</b>	<b>\$ 136,930</b>	<b>\$ 68,062</b>	<b>\$ 611,585</b>	<b>\$ 669,775</b>

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, 2010

---

Total Fund Balance - Governmental Funds \$ 299,213

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

Capital assets of \$1,237,677 net of accumulated depreciation of \$978,147 used in governmental activities are not financial resources and therefore are not reported in the fund. 259,530

Total Net Assets - Governmental Activities \$ 558,743

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, 2010

	2010			2009	
	General Fund	Special Revenue Fund	Non-major fund fundraising	Total Governmental Funds	(Summarized Comparative Information)
<b>Revenues:</b>					
State capital outlay funding	\$ -	\$ 319,196	\$ -	\$ 319,196	\$ 261,731
State passed through local	3,362,324	-	-	3,362,324	3,374,294
Local sources	40,772	-	-	40,772	471,483
Federal school lunch program	-	101,371	-	101,371	78,253
Charges for services	139,235	39,310	-	178,545	194,006
Fundraising and other revenues	3,766	-	80,687	84,453	68,074
Interest income	1,622	877	-	2,499	3,310
<b>Total Revenues</b>	<b>\$ 3,547,719</b>	<b>\$ 460,754</b>	<b>\$ 80,687</b>	<b>\$ 4,089,160</b>	<b>\$ 4,451,151</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Instruction	\$ 2,167,712	\$ 67,244	\$ 2,173	\$ 2,237,129	\$ 2,474,773
Instructional and Curriculum Development	84,974	7,773	62,534	155,281	140,586
Instructional Staff Training Services	-	-	-	-	2,874
General Administration	407,331	-	-	407,331	239,222
School Administration	392,807	-	7,301	400,108	439,009
Fiscal Services	231,808	-	-	231,808	209,613
Food Services	-	126,739	-	126,739	104,054
Central Services	80,286	-	-	80,286	90,857
Pupil Transportation Services	83,235	-	-	83,235	82,920
Operation of Plant	124,223	180,000	-	304,223	309,980
Maintenance of Plant	4,758	112,457	-	117,215	132,101
Community Services	-	-	5,444	5,444	3,129
<b>Capital Outlay:</b>					
Facilities Acquisition and Construction	4,556	26,739	-	31,295	37,711
<b>Debt Service:</b>					
Redemption of Principal Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>3,581,690</b>	<b>520,952</b>	<b>77,452</b>	<b>4,180,094</b>	<b>4,266,829</b>
Excess (deficit) of Revenues Over Expenditures	(33,971)	(60,198)	3,235	(90,934)	184,322
Other financing sources					
Transfer in and (out)	(629)	(1,657)	2,286	-	-
Net change in fund balance	(34,600)	(61,855)	5,521	(90,934)	184,322
Fund Balance at beginning of year	165,922	161,684	62,541	390,147	205,825
Fund Balance at end of year	<u>\$ 131,322</u>	<u>\$ 99,829</u>	<u>\$ 68,062</u>	<u>\$ 299,213</u>	<u>\$ 390,147</u>

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

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY  
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

---

Change in Fund Balance - Governmental Funds \$ (90,934)

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 \$31,295 differed from depreciation expense of \$165,508.

(134,213)

Change in Net Assets of Governmental Activities \$ (225,147)

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

## **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, 2010 which covers the 2009-2010 school year. DCSMS had an enrollment of 560 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, 2010 \$26,739 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, 2010, the carrying amount of DCSMS's deposits held at two financial institutions was \$503,522 and the respective bank balance totaled \$521,022, which is subject to coverage under the Federal Deposit Insurance Corporation (FDIC), up to \$250,000 per financial institution. At June 30, 2010, approximately \$200,000 was in excess of FDIC coverage limits.

**NOTE 4 – CONTINGENCIES AND CONCENTRATIONS**

DCSMS receives 83% 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, 2010

---

**NOTE 5 – CHANGES IN CAPITAL ASSETS**

The following schedule provides a summary of changes in capital assets for year ended June 30, 2010:

	<u>Balance</u> 6/30/09	<u>Addition</u>	<u>Disposal</u>	<u>Balance</u> 6/30/10
<b>Capital Assets:</b>				
Furniture and fixtures	\$619,070	4,555		\$623,625
Building and fixed equipment	549,724	15,947		565,671
Computer software	<u>37,589</u>	<u>10,792</u>	<u>-</u>	<u>48,382</u>
Total Capital Assets	1,206,383	31,294		1,237,677
<b>Less Accumulated Depreciation:</b>				
Furniture and fixtures	(587,635)	(98,875)		(686,509)
Building and fixed equipment	(209,561)	(57,833)		(267,394)
Computer software	<u>(15,443)</u>	<u>(8,800)</u>		<u>(24,244)</u>
Total Accumulated Depreciation	<u>(812,639)</u>	<u>(165,508)</u>	<u>-</u>	<u>(978,147)</u>
 Capital Assets	 <u>\$393,744</u>			 <u>\$259,530</u>

Depreciation expense for the year ended June 30, 2010 was \$165,508.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

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

MSV received support for the construction of the building and facilities from North Dade Medical Foundation, Inc. (NDMF) in the form of a \$5,000,000 grant. Under a grant agreement between NDMF and MSV, a portion of those funds is to be used to supplement the annual operating income of the charter school operations, as needed. As of June 30, 2010 the grant had an available balance of approximately \$1,900,000.

MIAMI SHORES VILLAGE CHARTER SCHOOL AUTHORITY  
D/B/A DOCTORS CHARTER SCHOOL OF MIAMI SHORES  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010

---

**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, 2010, fees paid to the District totaled \$152,650.

**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, 2010, DCSMS incurred \$156,702 in contribution costs related to the Plan.

**NOTE 8 – SUBSEQUENT EVENTS**

In accordance with GASB No. 56, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 30, 2010, which is the date the financial statements were available to be issued.

**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, 2010

	General Fund		
	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
State passed through local	\$ 3,409,893	\$ 3,409,893	\$ 3,362,324
Local sources	4,000	4,000	40,772
Charges for services	29,500	29,500	139,235
Fundraising and other revenues	29,000	29,000	3,766
Interest income	1,500	1,500	1,622
<b>Total Revenues</b>	<b>\$ 3,473,893</b>	<b>\$ 3,473,893</b>	<b>\$ 3,547,719</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Instruction	\$ 2,037,287	\$ 2,037,287	\$ 2,167,712
Instructional and Curriculum Development	33,680	33,680	84,974
Instructional Staff Training Services	-	-	-
General Administration	367,086	367,086	407,331
School Administration	440,873	440,873	392,807
Fiscal Services	235,983	235,983	231,808
Food Services	-	-	-
Central Services	92,554	92,554	80,286
Pupil Transportation Services	82,008	82,008	83,235
Operation of Plant	137,700	137,700	124,223
Maintenance of Plant	46,722	46,722	4,758
Community Services	-	-	-
<b>Capital Outlay:</b>			
Facilities Acquisition and Construction	-	-	4,556
<b>Debt Service:</b>			
Redemption of Principal	-	-	-
Interest	-	-	-
<b>Total Expenditures</b>	<b>\$ 3,473,893</b>	<b>\$ 3,473,893</b>	<b>\$ 3,581,690</b>

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, 2010

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
State capital outlay funding	\$ 360,000	\$ 360,000	\$ 319,196
Charges for services	13,680	13,680	39,310
Federal school lunch program	90,000	90,000	101,371
<b>Total Revenues</b>	<b>\$ 463,680</b>	<b>\$ 463,680</b>	<b>\$ 459,877</b>
<b>Expenditures:</b>			
<b>Current:</b>			
Instruction	\$ -	\$ -	\$ 67,244
Food service	103,680	103,680	126,739
Operation of Plant	180,000	180,000	180,000
Maintenance of Plant	145,000	145,000	112,457
<b>Capital Outlay:</b>			
Facilities Acquisition and Construction	35,000	35,000	26,739
<b>Total Expenditures</b>	<b>\$ 463,680</b>	<b>\$ 463,680</b>	<b>\$ 513,179</b>



**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, 2010 and have issued our report thereon dated August 30, 2010. 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.

Handwritten signature in black ink that reads "HLB Grinnin LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 30, 2010

**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, 2010 and have issued our report thereon dated August 30, 2010.

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 30, 2010, should be considered in conjunction with this management letter.

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

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

There were no 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 30, 2010