

Doral Academy High School  
(A charter school under  
Doral College, Inc.)  
Doral, Florida

Financial Statements and  
Independent Auditors' Report

June 30, 2011

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Doral Academy High School  
11100 NW 27 St.  
Doral, FL 33172

2010-2011

BOARD OF DIRECTORS

Angela Ramos, President and Chair  
Luis Fuste, Vice Chair and Treasurer  
Rene Rovirosa, Secretary  
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Kim Guilarte

SCHOOL ADMINISTRATION

Douglas Rodriguez, Principal

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Doral Academy High School  
Doral, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Doral Academy High School (the "School"), a charter school under Doral College, Inc., (f/k/a Doral Academy High School, Inc.) which is a component unit of the District School Board of Miami-Dade County, as of, and for the year ended June 30, 2011, which collectively comprises the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Doral Academy High School at June 30, 2011, and the respective changes in financial position for the year then ended. These financial statements do not purport to and do not present fairly the financial position of Doral College, Inc. as of June 30, 2011 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Doral Academy High School, as of June 30, 2011, 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 15, 2011, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 27 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*HLB Gravin, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 15, 2011

**Management's Discussion and Analysis**  
Doral Academy High School  
(A Charter School Under Doral College, Inc.)  
June 30, 2011

The corporate officers of Doral Academy High School have prepared this narrative overview and analysis of the school's financial activities for the fiscal year ended June 30, 2011.

**Financial Highlights**

1. The assets of the School exceeded its liabilities at June 30, 2011 by \$4,960,523 (net assets).
2. At year-end, the School had current assets on hand of \$1,966,060.
3. The net assets of the School increased by \$380,321 during the year.
4. The unassigned fund balance at year end was \$17,717.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2011 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required 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 the School's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information on how the School's net assets changed during the fiscal year. All changes in net assets are reported 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 9 - 10 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 11 - 15 of this report.

### Notes to Financial Statements

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

The notes to the financial statements can be found on pages 16 - 26 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 \$4,960,523 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Cash	\$ 344,709	\$ 2,477,561
Construction loan receivable	1,329,091	-
Due from Agencies	19,031	53,560
Capital Assets, net	5,213,849	2,130,974
Due from related party	400,000	-
Prepaid Expenses	273,229	261,414
Total Assets	<u>\$ 7,579,909</u>	<u>\$ 4,923,509</u>
Accrued Liabilities	1,290,295	343,307
Long term debt	1,329,091	-
Total Liabilities	<u>\$ 2,619,386</u>	<u>\$ 343,307</u>
Invested in Capital Assets, net	3,884,758	2,130,974
Restricted	384,819	367,265
Unrestricted	690,946	2,081,963
Total Net Assets	<u>\$ 4,960,523</u>	<u>\$ 4,580,202</u>

At the end of the fiscal year, the School is able to report positive balances in total net assets.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
<b>REVENUES</b>		
Program Revenues		
Federal Sources	\$ 138,960	\$ -
Capital Outlay Funding	804,823	821,518
Lunch program	377,008	245,488
Charges for Services	480,034	514,839
General Revenues		
FTE nonspecific revenues	5,867,591	5,749,018
Other Revenue	27,969	14,430
Total Revenues	<u>\$ 7,696,385</u>	<u>\$ 7,345,293</u>
<b>EXPENSES</b>		
Component Unit Activities:		
Instruction	\$ 3,064,991	\$ 2,778,459
Instructional Staff Training Services	11,592	4,140
Board	17,540	16,950
School Administration	974,013	897,120
Facilities Acquisition	195,666	120,146
Fiscal Services	146,699	140,950
Food Services	312,426	267,617
Central Services	157,571	154,008
Operation of Plant	2,044,468	2,043,277
Maintenance of Plant	391,097	238,677
Total Expenses	<u>7,316,063</u>	<u>6,661,344</u>
Increase in Net Assets	380,321	683,949
Net Assets at Beginning of Year	<u>4,580,202</u>	<u>3,896,253</u>
Net Assets at End of Year	<u>\$ 4,960,523</u>	<u>\$ 4,580,202</u>

Student enrollment increased for 2011 by approximately 40 students. As a result, Doral Academy High School's revenues and expenses increased by \$351,092 and \$654,719, respectively, in the current year. The School had an increase in its net assets of \$380,321 for the year.

### **School Location and Lease of Facility**

The School leases a facility located at 11100 NW 27<sup>th</sup> Street.

### **Capital Improvement Requirements**

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

### **School Enrollment**

This past year, the School had approximately 978 students enrolled in grades nine through twelve.



## **Accomplishments**

In 2011, Doral Academy High School was listed for the 4th consecutive year as one of the “Best High Schools in America” by U.S. News & World Report magazine, as well as one of the “Top Public High Schools in America” by Newsweek magazine. Based on the results available to date, the School expects to receive a letter grade of “A,” for the 5th consecutive year, ranking among the top highest-performing public high schools in Miami-Dade County. The school met Adequate Yearly Progress under the No Child Left Behind Act. Furthermore, Doral Academy High School’s graduation rate of over 97% in 2011 far exceeded the state and national average rates for Hispanics. The graduating class of 2011 combined received over \$2 million in financial aid and scholarships to universities (in and out-of-state).

Doral Academy High School provides its students with a rigorous college preparatory curriculum, as well as a rich extra-curricular program of activities, including team sports and clubs. This past year, the school’s facilities underwent further renovations. In addition to the completion of state-of-the-art ball fields and courts, the cafeteria and the lunch pavilion, the school kicked off its latest facilities overhaul, which includes an annex with additional classroom facilities to accommodate the growing student population.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND**

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

### **Governmental Funds**

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

Most of the School’s operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School’s governmental general fund reported ending fund balance of \$675,765. The fund balance unassigned and available for spending at the School’s discretion is \$17,717. These funds will be available for the School’s future ongoing operations.

## Capital Assets

The School's investment in capital assets as of June 30, 2011 amounts to \$ 5,213,849 (net of accumulated depreciation). This investment in capital assets includes improvements, furniture, fixtures and computer equipment. As of June 30, 2011, the School had long term debt totaling \$1,329,091 relating to current construction in progress of new building.

## Governmental Fund Budget Analysis and Highlights

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

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
Capital Outlay Funding	\$ 780,000	\$ 805,000	\$ 804,823
Federal Sources	-	38,000	138,960
Lunch program	275,000	350,000	377,008
Charges for Services	500,000	480,034	480,034
General Revenues			
FTE Nonspecific Revenues	6,000,000	5,900,000	5,867,591
Other Revenues	7,000	27,000	27,969
Total Revenues	\$ 7,562,000	\$ 7,600,034	\$ 7,696,385
<b>CURRENT EXPENSES</b>			
Component Unit Activities:			
Instruction	2,900,000	2,938,000	\$ 2,866,067
Instructional Staff Training Services	15,000	15,000	11,592
Board	20,000	20,000	17,540
School Administration	1,000,000	1,100,000	965,910
Fiscal Services	150,000	150,000	146,699
Food Services	275,000	350,000	296,848
Central Services	160,000	175,000	157,571
Operation of Plant	2,267,000	2,005,000	1,934,479
Maintenance of Plant	375,000	375,000	354,208
Total Current Expenses	\$ 7,162,000	\$ 7,128,000	\$ 6,750,914

## Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC 6340 Sunset Drive, Miami, Florida 33143.

Doral Academy High School  
(A charter school under Doral College, Inc.)  
Statement of Net Assets  
June 30, 2011

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**Assets**

Current assets:

Cash	\$ 344,709
Construction loan proceeds receivable	1,329,091
Prepaid expenses	273,229
Due from other agencies	19,031
	<u>1,966,060</u>

Due from related party	400,000
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Capital assets, depreciable	7,251,066
Less: accumulated depreciation	<u>(2,037,217)</u>
	<u>5,213,849</u>

Total Assets	<u>\$ 7,579,909</u>
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**Liabilities and Net assets**

Current liabilities:

Accrued payroll liability	\$ 253,798
Accounts payable	1,036,497
	<u>1,290,295</u>

Long term debt	1,329,091
Total Liabilities	<u>2,619,386</u>

Net assets:

Invested in capital assets, net of related debt	3,884,758
Restricted by lease agreement	384,819
Unrestricted	690,946
Total Net Assets	<u>4,960,523</u>

Total Liabilities and Net Assets	<u>\$ 7,579,909</u>
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See accompanying notes to the basic financial statements

Doral Academy High School  
(A charter school under Doral College, Inc.)  
Statement of Activities  
For the year ended June 30, 2011

FUNCTIONS	Expenses	Program Revenues			Net (Expense) and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					-
Instruction	\$ 3,064,991	\$201,600	\$ 138,960	\$ -	\$ (2,724,431)
Instructional staff training	11,592	-	-	-	(11,592)
Board	17,540	-	-	-	(17,540)
School administration	974,013	96,000	-	-	(878,013)
Facilities acquisition	195,666	-	-	-	(195,666)
Fiscal services	146,699	-	-	-	(146,699)
Food services	312,426	187,547	189,461	-	64,582
Central services	157,571	8,534	-	-	(149,037)
Operation of plant	2,044,468	152,564	-	804,823	(1,087,081)
Maintenance of plant	391,097	21,336	-	-	(369,761)
<b>Total governmental activities</b>	<u>7,316,063</u>	<u>667,581</u>	<u>328,421</u>	<u>804,823</u>	<u>(5,515,238)</u>
					FTE nonspecific revenues 5,867,591
					Interest and other revenue 27,968
					<u>Change in net assets 380,321</u>
					Net assets, beginning 4,580,202
					<u>Net assets, ending \$ 4,960,523</u>

See accompanying notes to the basic financial statements

Doral Academy High School  
(A charter school under Doral College, Inc.)  
Balance Sheet - Governmental Funds  
June 30, 2011

	General Fund	Special Revenue Fund	Total Governmental Funds
<b><u>Assets</u></b>			
Cash	\$ 344,709	\$ -	\$ 344,709
Construction loan proceeds receivable	1,329,091	-	1,329,091
Due from other agencies	-	19,031	19,031
Due from other funds	19,031	-	19,031
Prepaid expenses	273,229	-	273,229
Total Assets	<u>\$ 1,966,060</u>	<u>\$ 19,031</u>	<u>\$ 1,985,091</u>
<b><u>Liabilities</u></b>			
Salaries and wages payable	\$ 253,798	\$ -	\$ 253,798
Accounts payable	1,036,497	-	1,036,497
Due to other funds	-	19,031	19,031
Total Liabilities	<u>1,290,295</u>	<u>19,031</u>	<u>1,309,326</u>
<b><u>Fund balance</u></b>			
Nonspendable, not in spendable form	273,229	-	273,229
Restricted	384,819	-	384,819
Unassigned	17,717	-	17,717
	<u>675,765</u>	<u>-</u>	<u>675,765</u>
Total Liabilities and Fund Balance	<u>\$ 1,966,060</u>	<u>\$ 19,031</u>	<u>\$ 1,985,091</u>

See accompanying notes to the basic financial statements

Doral Academy High School  
(A charter school under Doral College, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets  
For the year ended June 30, 2011

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Total Fund Balance - Governmental Funds	\$ 675,765
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of \$7,251,066 net of accumulated depreciation of \$2,037,217 used in governmental activities are not financial resources and therefore are not reported in the fund.	5,213,849
Long term receivables from related party in governmental activities are not financial resources and therefore are not reported in the governmental funds.	400,000
Long term liability which is not due and payable in the current period and, therefore, is not reported in the governmental funds.	<u>(1,329,091)</u>
Total Net Assets - Governmental Activities	<u>\$ 4,960,523</u>

See accompanying notes to the basic financial statements

Doral Academy High School  
(A charter school under Doral College, Inc.)  
Statement of Revenues, Expenditures and Changes in Fund Balance -Governmental Funds  
For the year ended June 30, 2011

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues:</b>			
State capital outlay funding	\$ -	\$ 804,823	\$ 804,823
State passed through local	5,867,591	-	5,867,591
Federal grants through state and local	-	138,960	138,960
Federal school lunch program	-	189,461	189,461
Usage fees and lunch fees	480,034	187,547	667,581
Interest and other revenue	27,969	-	27,969
<b>Total Revenues</b>	<b>6,375,594</b>	<b>1,320,791</b>	<b>7,696,385</b>
<b>Expenditures:</b>			
<b>Current</b>			
Instruction	2,727,107	138,960	2,866,067
Instructional staff training services	11,592	-	11,592
Board	17,540	-	17,540
School Administration	965,910	-	965,910
Fiscal services	146,699	-	146,699
Food services	-	296,848	296,848
Central services	157,571	-	157,571
Operation of plant	1,129,660	804,823	1,934,483
Maintenance of plant	354,212	-	354,212
<b>Capital Outlay:</b>			
Other capital outlay	3,648,017	-	3,648,017
<b>Debt Service:</b>			
Redemption of Principal	-	-	-
Interest	-	-	-
<b>Total Expenditures</b>	<b>9,158,308</b>	<b>1,240,631</b>	<b>10,398,939</b>
Excess (deficit) of revenues over expenditures	(2,782,714)	80,160	(2,702,554)
<b>Other financing sources (uses):</b>			
Transfers in and (out)	80,160	(80,160)	-
Long term advances to related party	(400,000)	-	(400,000)
Proceeds from issuance of long term debt	1,329,091	-	1,329,091
<b>Net change in fund balance</b>	<b>(1,773,463)</b>	<b>-</b>	<b>(1,773,463)</b>
Fund Balance at beginning of year	2,449,228	-	2,449,228
Fund Balance at end of year	\$ 675,765	\$ -	\$ 675,765

See accompanying notes to the basic financial statements

Doral Academy High School  
(A charter school under Doral College, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2011

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Net Change in Fund Balance - Governmental Funds \$ (1,773,463)

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 net capital outlays of \$3,648,017 exceed depreciation expense of \$565,142. 3,082,875

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net assets. This is the amount by which collection of \$0 exceeded increase in long-term receivables of \$400,000 in the current period. 400,000

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds of \$1,329,091 exceeded repayments of \$0 in the current period. (1,329,091)

Change in Net Assets of Governmental Activities \$ 380,321

See accompanying notes to the basic financial statements



Doral Academy High School  
(A charter school under Doral College, Inc.)  
Statement of Net Assets - Fiduciary Funds  
June 30, 2011

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	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash	\$ 30,082
Total Assets	<u>\$ 30,082</u>
<b><u>Liabilities</u></b>	
Due to students and clubs	\$ 30,082
Total Liabilities	\$ 30,082
<b><u>Net assets</u></b>	<u>\$ -</u>

See accompanying notes to the basic financial statements

## **Note 1 – Organization and Operations**

Doral Academy High School (the "School"), is a charter school under Doral College, Inc., (f/k/a Doral Academy High School, Inc.) a not-for-profit corporation organized in the State of Florida. The governing body of the School is the board of directors of Doral College, Inc. and Doral Academy, Inc., which also governs other various charter schools. The School operates under a charter granted by the sponsoring district, the District School Board of Miami-Dade County (the "District"). The current charter expired on June 30, 2011 and was renewed on May 12, 2011 for an additional 15 years through June 30, 2026. During the term of the charter, the District may terminate the charter if good cause is shown. The School is considered a component unit of such District. The School is located in Doral, Florida for students from ninth through twelfth grades and is funded by the District.

These financial statements are for the year ended June 30, 2011, when approximately 978 students were enrolled for the school year.

## **Note 2 – Summary of Significant Accounting Policies**

### Basis of presentation

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

### Government-wide and Fund Financial Statements

#### *Government-wide Financial Statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not properly included with program revenues are reported as general revenues.

**Note 2 – Summary of Significant Accounting Policies (continued)**

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

*General Fund* - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

*Special Revenue Fund* - accounts for specific revenue, such as capital outlay funding and federal lunch program that are legally restricted to expenditures for particular purposes.

*Agency Fund* – accounts for resources of the School's Internal Fund, which is used to administer monies collected at the schools in connection with school, student athletics, class, and club activities.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to GASB Codification Section 1600.111 and Section N50 *Accounting and Financial Reporting for Non-Exchange Transactions*. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

**Note 2 – Summary of Significant Accounting Policies (continued)**

Cash

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

Due from Other Governments or Agencies

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

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost of \$500 or more. 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. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	10-20 Years
Textbooks	3 Years
Furniture, Equipment and Software	5 Years

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made. In addition, the school receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

**Note 2 – Summary of Significant Accounting Policies (continued)**

Finally, the School also receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Income Taxes

Doral College, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 15, 2011, which is the date the financial statements were available to be issued.

**Note 2 – Summary of Significant Accounting Policies (continued)**

Net assets and Fund balance classifications

*Government-wide financial statements*

Equity is classified as net assets and displayed in three (3) components:

- a) Invested in capital assets, net of related debt - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net assets - consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. Restricted net assets of the School relate to reserves required by the landlord for property maintenance and repairs.
- c) Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund financial statements*

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

- a) Nonspendable - fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). All nonspendable fund balances at year end relate to not in spendable form assets.
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted fund balance of the School relate to reserves required by the landlord for property maintenance and repairs.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications

**Note 2 – Summary of Significant Accounting Policies (continued)**

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First Non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Use of Estimates

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

**Note 3 –Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2011:

	Balance 07/01/10	Additions	Retirements	Balance 06/30/11
Capital Assets:				
Improvements	\$ 1,701,366	\$ 174,716	\$ -	\$ 1,876,082
Software	76,408	51,807	-	128,215
Furniture, equipment and textbooks	2,263,422	601,578	(438,147)	2,426,853
Total Capital Assets	<u>4,041,196</u>	<u>828,102</u>	<u>(438,147)</u>	<u>4,431,150</u>
Less Accumulated Depreciation:				
Improvements	(249,009)	(200,566)	-	(449,575)
Software	(14,051)	(32,498)	-	(46,549)
Furniture, equipment and textbooks	(1,647,162)	(332,078)	438,147	(1,541,093)
Total Accumulated Depreciation	<u>(1,910,222)</u>	<u>(565,142)</u>	<u>438,147</u>	<u>(2,037,217)</u>
Construction in progress	-	2,819,916	-	2,819,916
Capital Assets, net	<u>\$ 2,130,974</u>	<u>\$ 3,082,875</u>	<u>\$ -</u>	<u>\$ 5,213,849</u>

**Note 3 –Capital Assets (continued)**

For the fiscal year ended June 30, 2011, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	198,922
School administration		8,102
Facilities acquisition		195,665
Food services		15,578
Operation of plant		109,987
Maintenance of plant		36,888
Total Depreciation Expense	\$	<u>565,142</u>

**Note 4 –Management Agreement**

Academica Dade, LLC, a professional charter school management company, provides management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and the management company calls for a fee of \$450 per full time equivalent (FTE) student per year. The agreement is for a period of five years, through June 30, 2014, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2011, the School incurred approximately \$440,000 in management fees. In addition, the School had prepaid management fees of approximately \$36,000 as of June 30, 2011.

Academica Dade, LLC is located at 6340 Sunset Drive, Miami, Florida 33143 and its officers are:

- Fernando Zulueta, President
- Magdalena Fresen, Vice President and Treasurer
- Ignacio Zulueta, Vice President
- Collette Papa, Secretary

**Note 5 –Related Party Transactions**

During 2011, the School charged Doral Performing Arts and Entertainment Academy (a charter school under Doral College, Inc.) for the use of shared facilities, staff and other operating costs under a usage fee agreement. Total usage fees charged under the agreement totaled \$480,034 for the year, of which no amounts were receivable at year end. In addition, the School holds the student activities fund of Doral Performing Arts and Entertainment Academy and Doral Academy Charter Middle School (a charter school under Doral Academy, Inc.).



**Note 5 –Related Party Transactions (continued)**

The School's lunch program is shared with various schools. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2011, administrative fees withheld by the School District totaled \$75,259.

During 2011, the School made a long-term, non-interest bearing advance of \$400,000 to Doral College, a college under Doral College, Inc. that is expected to open January 2012. The funds were advanced for the purpose of opening the college, and are due to the School within three years from the time the advance was made.

**Note 6 – Long Term Debt**

On April 11, 2011, the School entered into a construction loan agreement with Building Hope... A Charter School Facilities Fund ("Lender") to construct a 36,000 square foot facility with 24 classrooms and three science labs, to reconfigure existing parking including new lighting and landscaping, and to purchase laboratory equipment. The lender has made a commitment to make a loan to the School for a maximum amount of \$5,000,000, to be evidenced by two promissory notes, the first for \$3,200,000 (Phase I) and the second for \$1,800,000 (Phase II). On April 11, 2011, the first promissory note for a maximum amount of \$3,200,000 was executed.

Under the terms of the loan agreement and first promissory note, the loan shall bear interest from the date of each advance at an interest rate of seven percent (7%) until July 1, 2015, and thereafter shall bear interest at twelve percent (12%) until maturity. Interest only payments are to be made on the outstanding principal balance of the loan on the first of each month from the date of the first advance until the earlier of obtaining a certificate of occupancy for the property or September 1, 2011. Commencing the first payment date after the interest only period, and for the remainder of the term of the first note, payments of principal and interest on the outstanding principal balance of the loan, based on equal monthly principal and interest payments, are due and payable. All principal, interest, and unpaid costs shall be due and payable on the maturity date of July 1, 2017. There is no interest expense as of June 30, 2011.

The loan is collateralized, on a parity lien basis with the lien on the same collateral under the terms of the School's lease agreement (see Note 8), by its pledged revenues, which includes all revenues collected by the School from the Florida Department of Education, the District, and all other sources. In addition, the loan is collateralized by all personal property related to or used in the operations at the School. In addition, the School is required to achieve certain financial performance objectives and financial covenants, as set forth in the loan agreement.

Doral Academy High School  
(A charter school under Doral College, Inc.)  
Notes to Financial Statements  
June 30, 2011

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**Note 6 – Long Term Debt (continued)**

Future maturities of the first promissory note under the construction loan agreement are as follows as of June 30, 2011:

2012	\$	105,531
2013		135,012
2014		144,773
2015		155,238
2016		120,730
2017		2,538,716
Total	\$	<u>3,200,000</u>

The following schedule provides a summary of changes in long-term debt for the year ended June 30, 2011:

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
Construction loan	\$ -	\$ 1,329,091	\$ -	\$ 1,329,091
Total Long Term Debt	<u>\$ -</u>	<u>\$ 1,329,091</u>	<u>\$ -</u>	<u>\$ 1,329,091</u>

**Note 7 – Deposits Policy and Credit Risk**

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2011, the carrying amount of the School's deposits was \$344,709 and the respective bank balances totaled \$721,113.

Under the Dodd-Frank Act, non-interest bearing deposits at FDIC-insured institutions are fully insured through December 31, 2012. All accounts held by the School are non-interest bearing and therefore fully insured by the FDIC as of June 30, 2011.

### Note 8 – Commitments and Contingencies

The School entered into a lease and security agreement with School Development, LLC (the “Landlord”) for its 57,000 square feet building including all ancillary facilities, outdoor areas and other improvements. Presently, members of the Landlord are also stockholders of the company which is the sole owner of Academica Dade, LLC (See Note 4). Fixed initial annual payments under this agreement were based on a rate of \$23.15 per square footage of the building, which amounted to approximately \$1,319,550 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through August 2024 with an option to renew for an additional five-year term.

Under the agreement, the School must meet certain covenants and requirements, including a “Lease Payment Coverage Ratio” of not less than 1.10 to 1.00. In addition, the School is required under the terms of the lease agreements to maintain a reserve for property expenses such as repairs, maintenance, taxes and insurance equal to 5% of their gross revenues for the fiscal year. As of June 30, 2011, the required reserve was \$384,819, and is reflected as restricted on statement of net assets.

Finally, under this agreement the School has granted a first lien on its pledged revenues, which includes all revenues collected by the school from the Florida Department of Education, the District, and all other sources. For 2011, rent expense totaled \$1,568,281, out which approximately \$1,555,000 related to the facility lease. As of June 30, 2011, the School had prepaid approximately \$135,000 of rent expense.

Future minimum payments under these leases are as follows:

<u>Year</u>	
2012	\$1,555,648
2013	\$1,555,648
2014	\$1,555,648
2015	\$1,555,648
2016	\$1,555,648
2017-2021	\$7,778,240 (Total for five-year period)
2022-2024	\$4,666,942 (Total for three-year period)

#### Construction contract

At June 30, 2011, the School had uncompleted construction contracts and other contractual commitments related to expansion of the School. At June 30, 2011 the remaining construction commitments were approximately \$1,360,000, which includes \$233,518 of retainage payable.

**Note 8 -- Commitments and Contingencies (continued)**

Contingencies

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

**Note 9 – Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year.

**Note 10 – Defined Contribution Retirement Plan**

The School's personnel, who are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School provides a match of 50% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$17,334 for the year ended June 30, 2011. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by MassMutual Financial Group.

REQUIRED SUPPLEMENTARY INFORMATION

Doral Academy High School  
(A charter school under Doral College, Inc.)  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2011

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 6,000,000	\$ 5,900,000	\$ 5,867,591
Usage fees	500,000	480,034	480,034
Interest and other revenues	7,000	27,000	27,969
Total Revenues	<u>6,507,000</u>	<u>6,407,034</u>	<u>6,375,594</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	\$ 2,900,000	\$ 2,900,000	\$ 2,727,107
Instructional Staff			
Training Services	15,000	15,000	11,592
Board	20,000	20,000	17,540
School Administration	1,000,000	1,100,000	965,910
Fiscal Services	150,000	150,000	146,699
Central Services	160,000	175,000	157,571
Operation of Plant	1,487,000	1,200,000	1,129,660
Maintenance of Plant	375,000	375,000	354,212
Total Current Expenditures	<u>6,107,000</u>	<u>5,935,000</u>	<u>5,510,291</u>
Excess of Revenues			
Over Current Expenditures	<u>400,000</u>	<u>472,034</u>	<u>865,303</u>
Capital Outlay:			
Other Capital Outlay	<u>3,000,000</u>	<u>3,650,000</u>	<u>3,648,017</u>
Total Expenditures	<u>9,107,000</u>	<u>9,585,000</u>	<u>9,158,308</u>
Excess of Revenues			
Over Expenditures	(2,600,000)	(3,177,966)	(2,782,714)
Other financing sources:			
Transfers in (out)	-	-	80,160
Long term advances to related party	(400,000)	(400,000)	(400,000)
Proceeds from issuance of long term debt	<u>1,000,000</u>	<u>1,300,000</u>	<u>1,329,091</u>
Net change in fund balance	(2,000,000)	(2,277,966)	(1,773,463)
Fund Balance at beginning of year	<u>2,449,228</u>	<u>2,449,228</u>	<u>2,449,228</u>
Fund Balance at end of year	<u>\$ 449,228</u>	<u>\$ 171,262</u>	<u>\$ 675,765</u>

Doral Academy High School  
(A charter school under Doral College, Inc.)  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2011

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State capital outlay funding	\$ 780,000	805,000	\$ 804,823
Federal grants through state and local	-	38,000	138,960
Federal school lunch program	-	175,000	189,461
Lunch fees	275,000	175,000	187,547
Total Revenues	<u>1,055,000</u>	<u>1,193,000</u>	<u>\$ 1,320,791</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	\$ -	\$ 38,000	\$ 138,960
Pupil Personnel Services	-	-	-
Board	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Facilities Acquisition & Construction	-	-	-
Fiscal Services	-	-	-
Food Services	275,000	350,000	296,848
Operation of Plant	780,000	805,000	804,823
Maintenance of Plant	-	-	-
Community Services	-	-	-
Total Current Expenditures	<u>1,055,000</u>	<u>1,193,000</u>	<u>1,240,631</u>
Excess of Revenues Over Current Expenditures	<u>-</u>	<u>-</u>	<u>80,160</u>
Capital Outlay:			
Other Capital Outlay	-	-	-
Total Expenditures	<u>1,055,000</u>	<u>1,193,000</u>	<u>1,240,631</u>
Excess of Revenues Over Expenditures	-	-	80,160
Other financing sources:			
Transfers in (out)	-	-	(80,160)
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 of  
Doral Academy High School  
Doral, Florida

We have audited the financial statements of the governmental activities and each major fund of Doral Academy High School (the "School") as of, and for the year ended June 30, 2011, and have issued our report thereon dated August 15, 2011. 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 the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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

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



Compliance and Other Matters

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

This report is intended solely for the information and use of management, 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 15, 2011

## MANAGEMENT LETTER

Board of Directors of  
Doral Academy High School  
Doral, Florida

We have audited the financial statements of the governmental activities and each major fund of Doral Academy High School as of and for the year ended June 30, 2011 and have issued our report thereon dated August 15, 2011.

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 15, 2011, 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 find 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 provisions of contracts or grant agreements, fraud, illegal acts, or abuse that have occurred, or are likely to have occurred, and (2) deficiencies in internal control that are not significant deficiencies.

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.

*ALB Graves - UP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 15, 2011