

**MAVERICKS HIGH OF NORTH  
MIAMI DADE COUNTY**  
(A COMPONENT UNIT OF THE PUBLIC SCHOOL  
BOARD OF MIAMI-DADE COUNTY, FLORIDA)

**BASIC FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

June 30, 2011

MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY  
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION  
June 30, 2011

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mavericks High of North Miami Dade County  
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities and the General Fund of Mavericks High of North Miami Dade County (the "School"), a division of New Alternative Education High School of Miami-Dade County, Inc. and a component unit of the Public School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2011, which collectively comprise 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 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 opinions.

As discussed in Note 1, the financial statements of the school intended to present the financial position and changes in the financial position of only that portion of the governmental activities, and General Fund and aggregate remaining fund information of the School that is attributable to the transactions of Mavericks High of North Miami Dade County. They do not purport to, and do not present fairly the financial position of New Alternative High School of Miami-Dade County, Inc. as of June 30, 2011, and its changes in financial position or budgetary comparison, where applicable, for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the 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 30, 2011 on our consideration of the School's internal control over financial reporting and 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 3 through 6 and page 19 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.

*Keefe, McCullough & Co., LLP*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 30, 2011

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2011

Our discussion and analysis of Mavericks High of North Miami Dade County (the "School") financial performance provides an overview of the School's financial activities for the year ended June 30, 2011. Please read it in conjunction with the School's financial statements, which immediately follow this discussion.

## **FINANCIAL HIGHLIGHTS**

The following are the highlights of financial activity for the year ended June 30, 2011:

- The School's total liabilities exceeded its assets at June 30, 2011 by \$ (140,274) (net assets deficit).
- The School's total revenues were \$ 2,627,157, \$ 2,523,666 from FTE revenues, \$ 100,352 operating grants and contributions, and \$ 3,139 miscellaneous revenues. The School's expenses for the year were \$ 2,440,433. Net assets for the year increased by \$ 186,724.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other required supplemental information in addition to the basic financial statements.

### **Government-wide financial statements:**

The government-wide financial statements, which consist of the following two 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 the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, 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 7 and 8 of this report.

### **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. The School only has one category of funds - governmental funds.

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Fund financial statements (continued):**

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 balances of spendable resources available at the end of the year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance (deficit) provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The governmental fund financial statements can be found on pages 9 through 12 of this report.

**Notes to basic financial statements:**

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 13 through 18 of this report.

**Other information:**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the School's General Fund adopted budget to actual results. Required supplemental information can be found on page 19 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net assets as of June 30, 2011:

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY  
Statements of Net Assets**

	2011	2010
CURRENT ASSETS	\$ 149,315	\$ 160,451
NONCURRENT ASSETS	173,626	242,474
Total assets	322,941	402,925
LIABILITIES	463,215	729,923
NET ASSETS:		
Invested in capital assets	173,626	242,474
Unrestricted (deficit)	(313,900)	(569,472)
Total net assets (deficit)	\$ (140,274)	\$ (326,998)

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

A portion of the School's net assets reflect its investment in capital assets, less any related outstanding debt used to acquire those assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt (if any), it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2011, the School had no restricted assets.

The change in net asset balance was \$ 123,649, as summarized in the following table:

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY  
Statements of Changes in Net Assets**

	2011	2010
<b>REVENUES:</b>		
General revenues	\$ 2,526,805	\$ 1,539,290
Program revenues	100,352	250,000
Total revenues	2,627,157	1,789,290
<b>FUNCTIONS/PROGRAM EXPENSES:</b>		
Instruction	958,132	474,797
Instructional support services	1,360,366	1,127,335
Operation of non-instructional services	121,935	514,156
Total governmental activities	2,440,433	2,116,288
Change in net assets	\$ 186,724	\$ (326,998)

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUND**

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. 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, unreserved fund balance, if any, may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There were amendments necessary to the June 30, 2011 budget to revise the original financial outlook of the School's operations shortly after the start of the fiscal year.



**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2011

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital assets*

The School's investment in capital assets at June 30, 2011 amounts to \$ 173,626 net of accumulated depreciation as compared to \$ 242,474 at June 30, 2010. This investment in capital assets is composed of leasehold improvements, furniture and equipment and computer equipment. A more detailed analysis is provided in Note 4 on page 16.

*Long-term debt*

At June 30, 2011, the School had outstanding debt of \$ 400,000 as compared to \$ 603,154 at June 30, 2010. Additional information of the School's debt can be found in Note 6 on page 17.

**ECONOMIC FACTORS**

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in the year 2011/2012 include:

- Results of increased student enrollment are expected to increase revenue to the program and will offset to a degree reduced funding per student due to State budget cuts.
- An adjustment of students' matrix levels performed by MDCPS will continue to reflect additional funding in the School's FEFP distribution.
- Continue maximizing our quality of services while we reduced our variable costs per student.
- Continue implementing new operational procedures that will enable the School's Administrators to improve on efficiency of both operations, and student performance.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Mavericks High of North Miami Dade County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mavericks in Education Florida, LLC; 301 Southern Boulevard; West Palm Beach, FL 33405.

**BASIC  
FINANCIAL STATEMENTS**

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY**  
**STATEMENT OF NET ASSETS (DEFICIT)**  
 June 30, 2011

**A S S E T S**

**CURRENT ASSETS:**

Cash	\$	27,677
Prepaid expenses		15,025
Due from other government agencies		13,075
Due from management company		29,060
Deposits		<u>64,478</u>
Total current assets		149,315

**NONCURRENT ASSETS:**

Capital assets, net of accumulated depreciation		<u>173,626</u>
Total assets		<u>322,941</u>

**LIABILITIES AND NET ASSETS (DEFICIT)**

**DUE IN ONE YEAR:**

Accounts payable		27,099
Accrued liabilities		19,469
Deferred revenue		16,647

**DUE IN MORE THAN ONE YEAR:**

Note payable		<u>400,000</u>
Total liabilities		<u>463,215</u>

**CONTINGENCIES AND COMMITMENTS (Note 5)**

**NET ASSETS (DEFICIT):**

Invested in capital assets		173,626
Unrestricted (deficit)		<u>(313,900)</u>
Total net assets (deficit)	\$	<u><u>(140,274)</u></u>

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

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2011

		Program Revenues			Governmental Activities Net Revenues (Expenses) and Change in Net Assets (Deficit)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>FUNCTIONS/PROGRAMS:</b>					
Governmental activities					
Instruction					
Regular instruction	\$ 958,132	\$ -	\$ 48,097	\$ -	\$ (910,035)
Instructional support services					
Administrative services	237,540	-	-	-	(237,540)
Instructional services	211,635	-	-	-	(211,635)
Plant operations and maintenance	814,088	-	52,255	-	(761,833)
Student transportation	97,103	-	-	-	(97,103)
Operation of non-instructional services:					
Fiscal services	76,542	-	-	-	(76,542)
Interest expense	45,393	-	-	-	(45,393)
Total governmental activities	\$ <u>2,440,433</u>	\$ <u>-</u>	\$ <u>100,352</u>	\$ <u>-</u>	<u>(2,340,081)</u>
 General revenues:					
				2,523,666	
				3,139	
Total general revenues				<u>2,526,805</u>	
Change in net assets				186,724	
Net assets (deficit), July 1, 2010				<u>(326,998)</u>	
Net assets (deficit), June 30, 2011				<u>\$ (140,274)</u>	

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

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUND**  
 June 30, 2011

		<u>General Fund</u>
<b>A S S E T S</b>		
<b>ASSETS:</b>		
Cash	\$	27,677
Due from government agencies		13,075
Prepaid expenditures		15,025
Due from management company		29,060
Deposits		<u>64,478</u>
Total assets	\$	<u><u>149,315</u></u>
 <b>L I A B I L I T I E S   A N D   F U N D   B A L A N C E</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$	27,099
Accrued liabilities		19,469
Deferred revenue		<u>16,647</u>
Total liabilities		<u>63,215</u>
 <b>CONTINGENCIES AND COMMITMENTS (Note 5)</b>		
<b>FUND BALANCE:</b>		
Nonspendable for prepaid expenditures and deposits		79,503
Unassigned		<u>6,597</u>
Total fund balance		<u>86,100</u>
Total liabilities and fund balance	\$	<u><u>149,315</u></u>

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

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND**  
**TO THE STATEMENT OF NET ASSETS (DEFICIT)**  
 June 30, 2011

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS:**

Governmental fund balance (Deficit), page 9: \$ 86,100

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

Capital assets and debt issues used in governmental activities are not financial resources and therefore are not reported in the governmental fund.

Cost of capital assets	\$	264,761	
Accumulated depreciation		<u>(91,135)</u>	173,626

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund

Note payable			<u>(400,000)</u>
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NET ASSETS (DEFICIT) OF GOVERNMENTAL ACTIVITIES, page 7			<u>\$ (140,274)</u>
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The accompanying notes to financial statements are an integral part of these statements.

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2011

	<u>General Fund</u>
<b>REVENUES:</b>	
Federal sources	\$ 96,807
State sources	2,527,211
Local sources	<u>3,139</u>
Total revenues	<u>2,627,157</u>
<b>EXPENDITURES:</b>	
Current:	
Instruction	958,132
Instructional services	211,635
Pupil transportation services	97,103
Fiscal services	76,542
Plant operations and maintenance	731,035
Administrative services	237,540
Capital outlay	14,205
Principal and interest	<u>648,547</u>
Total expenditures	<u>2,974,739</u>
Net change in fund balance before other financing sources	(347,582)
<b>OTHER FINANCING SOURCES:</b>	
Proceeds from note payable	<u>400,000</u>
Total other financing sources	<u>400,000</u>
Net change in fund balance	52,418
FUND BALANCE, July 1, 2010	<u>33,682</u>
FUND BALANCE, June 30, 2011	\$ <u><u>86,100</u></u>

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

NEW ALTERNATIVE EDUCATION HIGH SCHOOL - NORTH MIAMI  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGE IN FUND BALANCE  
 OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2011

NET CHANGE IN FUND BALANCE -  
 GOVERNMENTAL FUND, PAGE 11 \$ 52,418

Amounts reported for governmental activities in the  
 statement of activities are difference because:

Governmental funds report capital outlays as  
 expenditures; in the statement of activities these costs  
 are allocated over their estimated useful lives as a  
 provision for depreciation.

Expenditures for capital assets	\$ 14,205	
Provision for depreciation	<u>(83,053)</u>	(68,848)

Long-term liabilities are not due and payable in the  
 current period and therefore are not reported in the  
 governmental fund

Proceeds from note payable	(400,000)	
Retirements of note payable obligations	<u>603,154</u>	<u>203,154</u>

CHANGE IN NET ASSETS ON THE  
 STATEMENT OF ACTIVITIES, PAGE 8 \$ 186,724

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



**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 1 - ORGANIZATION AND OPERATIONS**

Mavericks High of North Miami Dade County (the "School") is a division of New Alternative Education High School of Miami-Dade County, Inc. (the "Entity") and a component unit of the Public School Board of Miami-Dade County, Florida. The School commenced operations in July 2009 and now offers classes for High School students in the City of North Miami Beach, Florida. Approximately four hundred and twenty students were enrolled in classes when the school year ended in June 2011.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting entity:

The School operates under a charter granted by the sponsoring school district, the Public School Board of Miami-Dade County, Florida (the "District"). The current charter is effective until June 30, 2014. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the Miami-Dade County Public School District.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's financial statements.

Basis of presentation:

Based on the contractual provisions within the School's contract with the Miami-Dade County Public School District and the provisions of the Florida Statutes, the School is presented as a governmental organization for financial reporting purposes.

Government-wide statements:

The School's financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the School's activities are classified as governmental activities.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations, if any.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including the provision for depreciation) by related program revenues, contributions, and operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net assets resulting from the current year's activities.

Fund financial statements:

The accounts of the School are organized on the basis of funds. The operations of the only fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures.

The General Fund is employed in accounting for all the financial activities of the School. It is a governmental fund type and is used to account for all financial transactions of the School.

Net assets:

Net assets are classified in three categories. The general meaning of each is as follows:

- Invested in capital assets, net of related debt - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets (if any).
- Restricted net assets - consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net assets (deficit) that will need to be funded by future operations.

Fund balance:

The school has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications to report on the nature and extent to which the school is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - consists of amounts that are not in spendable form and of net assets that are legally or contractually required to be maintained intact.
- Restricted fund balance - consists of amounts with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Committed fund balance - consist of net assets that can be used for specific purposes pursuant to constraints imposed by the government itself, using its highest level of decision making authority.
- Assigned fund balance - consists of amounts that are constrained by the government's intended use of resources but are neither restricted or committed.

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- Unassigned – consists of net resources in excess of what can be properly classified in one of the above categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School's governing body or its delegated official or body has provided otherwise in its commitment or assignment actions. The details of the fund balances are included in the Governmental Fund Balance Sheet on page 9.

Measurement focus and basis of accounting:

The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the current period is defined as sixty days.

Capital assets:

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 1,000 and a useful life of over one year. Donated capital assets are valued at their estimated fair market value as of the date received. Additions, improvements, and other expenditures that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the capital assets estimated useful lives as follows:

Leasehold improvements	5 years
Furniture and equipment	5 years

Grant and contract revenue:

Grant and contract revenue is recognized when the allowable costs, as defined by the individual grant or contract, are incurred.

Unearned/deferred revenue:

Governmental funds report deferred revenue in conjunction with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues at the government-wide level arise only when the School receives resources before it has a legal claim to them.

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Compensated absences:

The School's policy only allows certain employees to carry up to three days of vacation time to the subsequent year. Unused sick leave benefits are not paid upon separation from service. No liability for compensated absences was recorded for the year ending June 30, 2011.

**NOTE 3 - BUDGET**

The School formally adopted a budget for the General Fund by function for the year ended June 30, 2011. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budgeted amounts for the General Fund is presented as required supplemental information.

**NOTE 4 - CAPITAL ASSETS**

A summary of changes in governmental capital assets is as follows:

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2011</u>
Capital assets, depreciable:				
Leasehold improvements	\$ 29,442	\$ 1,566	\$ -	\$ 31,008
Furniture and equipment	<u>221,114</u>	<u>12,639</u>	<u>-</u>	<u>233,753</u>
 Total capital assets, depreciable	 <u>250,556</u>	 <u>14,205</u>	 <u>-</u>	 <u>264,761</u>
Accumulated depreciation:				
Leasehold improvements	-	9,012	-	9,012
Furniture and equipment	<u>8,082</u>	<u>74,041</u>	<u>-</u>	<u>82,123</u>
 Total accumulated depreciation	 <u>8,082.00</u>	 <u>83,053</u>	 <u>-</u>	 <u>91,135</u>
 Net capital assets	 <u>\$ 242,474</u>	 <u>\$ (68,848)</u>	 <u>\$ -</u>	 <u>\$ 173,626</u>

The provision for depreciation for the year ended June 30, 2011 amounted to \$ 83,053. The School allocated 100% of the depreciation to the operation of the facility.

As part of the School's charter contract, all capital assets purchased with public funds will automatically revert to the District School Board upon the non-renewal or termination of this contract.

**NOTE 5 - CONTINGENCIES AND COMMITMENTS**

Grant agreements:

The School received financial assistance from Federal and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Florida Single Audit Act, the School is not required to conduct "single audits" since the required threshold for Federal awards and state financial assistance is currently \$ 500,000 and the School did not exceed such threshold.

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
 June 30, 2011

**NOTE 5 - CONTINGENCIES AND COMMITMENTS (continued)**

Lease commitment:

The School entered into an operating lease with Mavericks in Education Florida, LLC, Education Service Providers (ESP), for the rental of its facility and parking lot with monthly payments of approximately \$ 29,200 through June 30, 2014. The lease contains no renewal options. Total expense in connection with the facility lease amounted to \$ 350,000 for the year ended June 30, 2011.

Future lease payments are approximately as follows:

<u>Year Ending June 30,</u>			
2012	\$	350,000	
2013	\$	350,000	
2014	\$	350,000	
Thereafter	\$	NONE	

Agreements:

The School operates under a management agreement with Mavericks in Education Florida, LLC (Mavericks), which is a third party education service provider. The contract provides for assisting the School in the performance of most administrative, operating, financial duties and operating equipment. The management agreement's term is for five academic school years beginning with the 2009/2010 year or concurrent with the Charter of the Authorizer. The agreement provides for an additional five year terms or such periods that are consistent with the Charter contract term. In exchange for the aforementioned services, the School's Board agrees on a fee annually contained in their budget. The total amount incurred during the year ended June 30, 2011 relating to this contract was \$ 227,256.

Post retirement benefits:

The School offers no post retirement benefits to its employees.

**NOTE 6 - NOTE PAYABLE**

The School has a note payable to Mavericks in Education Florida, LLC. This loan does not require monthly principal payments until the maturity date. The note bears interest of 7%, and requires interest to be paid monthly beginning July 2011, through July 2013 at which time all interest and principal is due.

The following is a summary of changes in the School's debt for the year ended June 30, 2011:

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2011</u>
Note payable	\$ <u>603,154</u>	\$ <u>400,000</u>	\$ <u>(603,154)</u>	\$ <u>400,000</u>

MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2011

NOTE 7 - INCOME TAXES

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

NOTE 8 - RISK FINANCING

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the current year.

**REQUIRED SUPPLEMENTAL  
INFORMATION**

**MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>				
Operating revenues	\$ 2,746,533	\$ 2,500,043	\$ 2,523,666	\$ 23,623
Grants and contributions	75,000	75,000	100,352	25,352
Miscellaneous income	3,480	3,480	3,139	(341)
	<u>2,825,013</u>	<u>2,578,523</u>	<u>2,627,157</u>	<u>48,634</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Salaries	1,164,571	1,001,881	938,347	63,534
Administrative services	447,720	313,289	237,540	75,749
District and board services	84,000	80,000	76,542	3,458
Employee benefits	16,589	16,589	19,785	(3,196)
Contracted bus transportation	71,520	71,520	97,103	(25,583)
Instructional support	173,640	224,180	211,635	12,545
Professional services	63,960	68,517	94,334	(25,817)
Utilities	34,320	34,320	27,590	6,730
Technical support	68,520	68,520	69,792	(1,272)
Repairs and maintenance	66,360	63,200	58,465	4,735
Uniforms	4,920	4,920	21,146	(16,226)
Insurance	16,440	16,440	13,349	3,091
Rentals	354,240	354,979	356,648	(1,669)
Office expenses	68,700	92,697	81,980	10,717
Travel	16,200	14,775	4,039	10,736
Miscellaneous	240	240	1,045	(805)
Advertising	6,000	6,000	2,647	3,353
Capital outlay	-	-	14,205	(14,205)
Principal and interest	23,930	23,930	648,547	(624,617)
	<u>2,681,870</u>	<u>2,455,997</u>	<u>2,974,739</u>	<u>(518,742)</u>
Net change in fund balance before other financing sources	<u>143,143</u>	<u>122,526</u>	<u>(347,582)</u>	<u>(470,108)</u>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from note payable	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Change in fund balance	143,143	122,526	52,418	(70,108)
FUND BALANCE, July 1, 2010	<u>33,682</u>	<u>33,682</u>	<u>33,682</u>	<u>-</u>
FUND BALANCE, June 30, 2011	<u>\$ 176,825</u>	<u>\$ 156,208</u>	<u>\$ 86,100</u>	<u>\$ (70,108)</u>



## **OTHER AUDITORS' REPORTS**



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

To the Board of Directors  
Mavericks High of North Miami Dade County  
Miami, Florida

We have audited the financial statements of governmental activities and the General Fund of Mavericks High of North Miami Dade County (the "School"), (a component unit of the Public School Board of Miami-Dade County, Florida) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 30, 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 opinions 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 the 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 the internal control 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*.

We did note one other matter and have reported them on page 25 of the Schedule of Findings and Recommendations.

This report is intended solely for the information and use of the School's management, members of the Board of Directors, the Auditor General of the State of Florida, and the Public School Board of Miami-Dade County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Keefe, McCullough & Co., LLP*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 30, 2011



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors  
Mavericks High of North Miami Dade County  
Miami, Florida

We have audited the basic financial statements of governmental activities, the General Fund, and the aggregate remaining fund information of Mavericks High of North Miami Dade County (the "School"), a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 30, 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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in those reports and schedule, which are dated August 30, 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 governs 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 auditors' reports 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. The status of prior year findings and recommendations appear in the audited schedule of findings and recommendations.
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. We did note other matters and have reported them on the Schedule of Findings and Recommendations on page 25..
3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
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 amounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Mavericks High of North Miami Dade County

5. Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Mavericks High of North Miami Dade County.
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, we determined that the Mavericks High of North Miami Dade County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
7. Pursuant to Sections 10.854(1)(e)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 Mavericks High of North Miami Dade County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a matter of 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 use and information of the School's management, the Board of Directors, 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.

*Keefe, McCullough & Co., LLP*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 30, 2011



INDEPENDENT AUDITORS' REPORT TO MANAGEMENT

To the Board of Directors  
Mavericks High of North Miami Dade County  
Miami, Florida

In planning and performing our audit of the financial statements of Mavericks High of North Miami Dade County (the "School"), for the year ended June 30, 2010, we considered the School's internal controls to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

However, during our audit we became aware of certain matters that represent opportunities for you to strengthen your internal controls and operating efficiencies. This letter includes our comments and recommendations. This letter does not affect our separate report dated August 30, 2011 on the financial statements of the School.

The enclosed comments are not intended to reflect on the honesty, integrity, or competence of the employees of the School, but are mentioned only to aid you in improving existing procedures and internal controls.

After you have had an opportunity to consider our comment and recommendation, we would be happy to discuss it with you at your convenience.

*Keefe, McCullough & Co., LLP*

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
August 30, 2011

MAVERICKS HIGH OF NORTH MIAMI DADE COUNTY  
 SCHEDULE OF FINDINGS AND MANAGEMENT'S RESPONSES  
 For the Year Ended June 30, 2011

**STATUS OF PRIOR YEAR COMMENTS AND FINDINGS**

	<u>STILL APPLICABLE</u>	<u>IMPLEMENTED OR NO LONGER RELEVANT</u>
2010-01 Use a Checklist of Accounting Procedures		X
2010-02 Develop financial reporting under modified accrual based format		X
2010-03 Improve controls over non-routine transactions		X
2010-04 Improve segregation of duties in accounting department		X
2010-06 Record depreciation on interim financial reporting		X
*2010-07 Restrict access to computer accounting system		X

**CURRENT YEAR COMMENTS AND RECOMMENDATIONS**

**ACCOUNTING POLICIES AND PROCEDURES**

2011-01 Fixed Asset Inventory

While we were performing our procedures on the property and equipment records, we noted that the School completed an inventory of fixed assets on site during the year or at year end. Although the inventory was done, it was not reconciled to the subsidiary ledger maintained that supports the amounts on the School's financial records. We believe that this is necessary to validate the existence of fixed assets inventory on the subsidiary ledger supporting the balances in the financial statements which includes a reconciliation of the inventory taken during the year.

**Management's response**

Management agrees with the recommendation and is currently performing a reconciliation of the fixed assets inventory to the subsidiary ledger of property and equipment.