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INTRODUCTORY SECTION

Miami Shores/Barry University Charter School

11441 NORTHWEST SECOND AVENUE
MIAMI SHORES, FLORIDA 33168
(305) 754-2381

BOARD OF TRUSTEES

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Mr. Greg Sirota

December 5, 2005

Board of Trustees

Miami Shores/Barry University

"Connected Learning Community" (CLC), Inc.

D/B/A Miami Shores/Barry University Charter School

This report consists of management's representation concerning the finances of Miami Shores/Barry University "Connected Learning Community" (CLC), Inc. D/B/A Miami Shores/Barry University Charter School (the "Charter School"). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

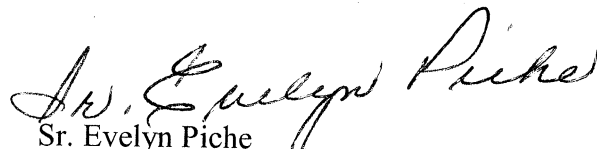
The Charter School's financial statements have been audited by Regino Rodriguez, CPA & Company, PA, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Charter School for the year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the Charter School's financial statements for the fiscal year ended June 30, 2005, and are fairly presented in conformity with generally accepted accounting principals (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Charter School's MD&A can be found immediately following the report of the Independent Auditors.

Respectfully submitted,



William Heffernan
Chairman



Sr. Evelyn Piche
President

**MIAMI SHORES/BARRY UNIVERSITY
“CONNECTED LEARNING COMMUNITY” (CLC), INC.**

**D/B/A MIAMI SHORES/BARRY UNIVERSITY
CHARTER SCHOOL**
11441 NW 2nd Avenue
Miami Shores, Florida 33168
(305) 754-2381

SCHOOL YEAR: 2004-2005

Administration

Principal Mr. Roderick P. Laviniere

Board of Trustees

Chairperson Mr. William Heffernan

President Sr. Evelyn Piche

Vice President Dr. Elaine Liftin

Treasurer Ms. Jacqueline McGlone

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	Mr. Greg Sirota	Mrs. Kristen Montuori
	Dr. Jonathan Rose	Mrs. Barbara Quinaz
	Dr. Maria E. Stallions	

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Miami Shores/Barry University
"Connected Learning Community"(CLC), Inc.
D/B/A Miami Shores/Barry University Charter School
Miami Shores, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Miami Shores/Barry University "Connected Learning Community"(CLC), Inc. D/B/A Miami Shores/Barry University Charter School, (the "School") a component unit of the District School Board of Miami-Dade County, as of, and for the year ended June 30, 2005, which collectively comprise the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year summarized comparative information has been derived from the School's 2004 financial statements. Those financial statements were audited by other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the School, as of June 30, 2005 and the respective changes in financial position for the period 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 November 30, 2005, 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.

The Management's Discussion and Analysis (MD&A) on pages 5 through 10 and the Schedule of Revenues, Expenditures and Changes in Fund Balance—budget to actual on page 22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

As explained in Note 6, at the end of the school year, effective June 30, 2005, the School transferred all of its operating assets and substantially all of its cash and operating liabilities to Doctors Charter School of Miami Shores, a newly formed Charter School sponsored by the Village of Miami Shores. Following this transfer and the granting by the District School Board of Miami-Dade County of a School Charter to Doctors Charter School of Miami Shores, the School surrendered its charter to the District School Board of Miami-Dade County. Doctors Charter School of Miami Shores will now operate as a combined middle and high school. The amount of cash transferred was \$265,600; accounts receivable transferred were \$4,454; the book value of the fixed assets transferred was \$402,282; the recorded liabilities transferred aggregated \$92,636 and the resulting fund balance transferred of \$579,700 is reflected in the financial statements as a contribution to Doctors Charter School of Miami Shores.



CERTIFIED PUBLIC ACCOUNTANTS

Miami Beach, Florida
November 30, 2005

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

As management of Miami Shores/Barry University "Connected Learning Community" (CLC), Inc. D/B/A Miami Shores/Barry University Charter School ("CLC"), we offer readers of CLC's financial statements this narrative overview and analysis of the financial activities of the CLC for the fiscal year ended June 30, 2005. We encourage readers to consider this information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- At the end of the school year, effective June 30, 2005, the CLC transferred all of its operating assets and substantially all of its cash and operating liabilities to Doctors Charter School of Miami Shores (DCSMS), a newly formed Charter School sponsored by the Village of Miami Shores. The amounts transferred were approximately; cash \$266,000, receivables \$4,000, book value of the fixed assets \$402,000, and liabilities \$93,000.
- Following this transfer and the granting by the District School Board of Miami-Dade County of a School Charter to the Doctors Charter School of Miami Shores, the CLC surrendered its charter to the District School Board of Miami-Dade County. DCSMS will now operate as a combined middle and high school. DCSMS assumed responsibility for all school records and each of the previous students at CLC matriculated to DCSMS.
- All of the fund balances in excess of \$97,470 were transferred to DCSMS to assist in the opening of a newly constructed permanent school facility. The fund balance transferred of \$579,700 is reflected in the financial statements as a contribution to the DCSMS. These new facilities opened August 8, 2005 with the beginning of the 2005/2006 school year. In prior years, the CLC had operated out of portable and modular buildings located on the grounds of Barry University.
- Following the transfers discussed above, the assets of the CLC exceeded its liabilities at June 30, 2005 by \$97,470 (net assets). These unrestricted net assets may be used to meet the CLC's ongoing obligations.
- The CLC received \$18,100 in School Recognition funds from the State of Florida for earning an "A" in the Florida School Accountability Program for the 2003-2004 school year and is entitled to receive an additional \$17,800 for the 2004-2005 school year. This receivable was transferred to DCSMS who will collect amounts due and distribute them to the faculty and staff responsible for the school's performance.

**MIAMI SHORES/BARRY UNIVERSITY “CONNECTED LEARNING
COMMUNITY” (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CLC’s basic financial statements. CLC’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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 CLC’s finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of CLC’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 CLC is improving or deteriorating.

The *statement of activities* presents information showing how CLC’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event resulting in 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 11-12 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. CLC, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the CLC are governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

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

The basic government fund financial statements can be found on pages 13-14 of this report.

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

Notes to financial statements. The notes 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 15-21 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 CLC, at June 30, 2005 assets exceeded liabilities by \$97,470.

A summary of the CLC's net assets for the years ended June 30, 2005 and 2004 as follows:

	2005	2004
Cash	\$97,470	\$ 677,456
Receivables		4,389
Capital assets		205,489
Total assets	\$97,470	\$887,334
Due to other government agency		\$ 68,996
Accounts payable		94,487
Deferred revenue		-
Total liabilities		\$163,483
Invested in capital assets		\$205,489
Restricted		331,040
Unrestricted	\$97,470	187,322
Total net assets	\$97,470	\$723,851

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

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

A summary of the CLC's change in net assets for the years ended June 30, 2005 and 2004 follows:

	<u>2005</u>	<u>2004</u>
<u>Revenues</u>		
Program revenues		
Operating grants and contributions	\$1,004,759	\$ 983,673
Capital grants and contributions	68,344	62,877
General revenues		
Grants and contributions not restricted to specific programs	4,869	5,770
Interest	9,874	4,720
Fundraising	6,219	10,596
Other	25,101	52,678
Total revenues	1,119,166	1,120,314
<u>Expenses</u>		
Instructional services	654,787	636,894
Instructional media	28,952	24,563
Instructional staff – training services	1,429	7,192
School administration	186,773	171,869
Fiscal services	8,125	7,916
Central services	72,180	79,713
Pupil transportation services	34,245	35,495
Operation of plant	114,905	115,403
Maintenance of plant	5,614	6,132
Unallocated depreciation	58,837	77,944
Total expenses	1,165,847	1,163,121
Decrease from operating activities	(46,681)	(42,807)
Contribution to Doctors Charter School	(579,700)	-
Change in Net Assets	(626,381)	(42,807)
<u>Net assets at beginning of year</u>	723,851	766,658
<u>Net assets at end of year</u>	\$97,470	\$ 723,851

**MIAMI SHORES/BARRY UNIVERSITY “CONNECTED LEARNING
COMMUNITY” (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

The operating grants and contributions increased by \$21,086 during the year, and the capital grants and contributions increased by \$5,467.

CLC provided middle school education for 180 students in grades six through eight under a charter sponsored by the District School Board of Miami-Dade County, Florida (the “School District”).

For those students who live more than two miles and less than four miles from the school facilities, CLC receives transportation funding from the School District using the FEFP formula to reimburse CLC for the cost of transporting these students to school. CLC received approximately \$24,000 for the 2004-2005 fiscal year for 73 students or \$329 per student. The cost of providing transportation services was approximately \$34,000 or \$466 per student. CLC thus provided transportation services at an annual deficit of \$10,000 or \$137 per student. This deficit is funded through donations, interest, and general fundraising.

Financial Analysis of the Government’s Funds

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

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

At the end of the current fiscal year, CLC’s funds reported combined ending fund balances (prior to the transfer to DCSMS) of \$677,170, a decrease of \$46,681 in comparison with the prior year. At June 30, 2005, the unreserved fund balance was \$97,470, which is available for spending at the CLC’s discretion.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- \$18,100 increase in revenues from School Recognition Funds
- \$18,100 increase in expenditures from School Recognition Funds
- \$1,080 increase in instructional expenditures

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2005**

Capital Assets

As of June 30, 2005, CLC no longer had an investment in capital assets. All of its previous investment in capital assets includes leasehold improvements, furniture, office equipment and computers was transferred to DCSMS.

Request for Information

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

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A/ MIAMI SHORES /BARRY UNIVERSITY CHARTER SCHOOL**
(A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY)

STATEMENT OF NET ASSETS

JUNE 30, 2005

(With Summarized Comparative Information for 2004)

	<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Current Assets:			
Cash		\$ 97,470	\$ 677,456
Due from other government agencies		-	4,389
		<u>97,470</u>	<u>681,845</u>
Capital Assets:			
Buildings and fixed equipment		-	34,976
Less accumulated depreciation		-	(9,566)
Furniture, equipment and textbooks		-	335,719
Less accumulated depreciation		-	(155,640)
		<u>-</u>	<u>205,489</u>
 TOTAL ASSETS		 <u><u>\$ 97,470</u></u>	 <u><u>\$ 887,334</u></u>
 <u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities:			
Accounts payable and accrued liabilities		\$ -	\$ 94,487
Due to other government agencies		-	68,996
TOTAL LIABILITIES		<u>-</u>	<u>163,483</u>
Net Assets:			
Invested in capital assets		-	205,489
Restricted for capital projects		-	331,040
Unrestricted		97,470	187,322
TOTAL NET ASSETS		<u>97,470</u>	<u>723,851</u>
 TOTAL LIABILITIES AND NET ASSETS		 <u><u>\$ 97,470</u></u>	 <u><u>\$ 887,334</u></u>

The accompanying notes are an integral part of this financial statement

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.**
D/B/A/ MIAMI SHORES /BARRY UNIVERSITY CHARTER SCHOOL
(A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY)

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

(With Summarized Comparative Information for 2004)

FUNCTIONS	2005			2004
	Program Revenues			
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Component Unit Activities:				Net (Expense) Revenue and Changes in Net Assets
Instruction	\$ 654,787	\$ 18,100	\$ -	\$ (636,687)
Instructional media services	28,952			(28,952)
Instructional staff training services	1,429			(1,429)
School administration	186,773		-	(186,773)
Fiscal services	8,125		-	(8,125)
Central services	72,180		-	(72,180)
Pupil transportation services	34,245		-	(34,245)
Operation of plant	114,905		68,344	(46,561)
Maintenance of plant	5,614		-	(5,614)
Unallocated depreciation	58,837			(58,837)
Total Component Unit Activities	1,165,847	18,100	68,344	(1,079,403)
GENERAL REVENUES:				
Government grants not restricted to specific programs				986,659
Interest				9,874
Fundraising				6,219
Other revenue				29,970
SPECIAL ITEM:				
Contribution to Doctor's Charter School (See Note 6)				(579,700)
Change in Net Assets				(626,381)
NET ASSETS - BEGINNING				723,851
NET ASSETS - ENDING				\$ 97,470
				\$ 723,851

The accompanying notes are an integral part of this financial statement

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A/ MIAMI SHORES /BARRY UNIVERSITY CHARTER SCHOOL**
(A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY)

BALANCE SHEET

JUNE 30, 2005

(With Summarized Comparative Information for 2004)

	2005	2004
	Governmental	Total
	Funds (General	Governmental
	Fund)	Funds
<u>ASSETS</u>		
Cash	\$ 97,470	\$ 677,456
Due from other government agencies	-	4,389
TOTAL ASSETS	<u>97,470</u>	<u>681,845</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	-	94,487
Due to other government agencies	-	68,996
TOTAL LIABILITIES	<u>-</u>	<u>163,483</u>
<u>FUND BALANCE</u>		
Unreserved	97,470	187,322
Reserved	-	331,040
TOTAL FUND BALANCE	<u>97,470</u>	<u>518,362</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 97,470</u></u>	<u><u>\$ 681,845</u></u>

The accompanying notes are an integral part of this financial statement

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.**
D/B/A/ MIAMI SHORES /BARRY UNIVERSITY CHARTER SCHOOL
(A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2005
(With Summarized Comparative Information for 2004)

	2005			2004
	General Fund	Building Fund	Total	
			Governmental Funds	
REVENUES				
Capital Outlay Funding	\$ 68,344	\$ -	\$ 68,344	\$ 62,877
Local Sources	1,004,759	-	1,004,759	983,673
Fundraising	6,219	-	6,219	10,596
Interest	7,073	2,801	9,874	4,720
Other Revenue	29,970	-	29,970	58,448
Total Revenues	<u>\$ 1,116,365</u>	<u>\$ 2,801</u>	<u>\$ 1,119,166</u>	<u>\$ 1,120,314</u>
EXPENDITURES				
Current:				
Instruction	\$ 654,787	\$ -	\$ 654,787	\$ 636,894
Instructional media services	28,952	-	28,952	24,563
Instructional staff training services	1,429	-	1,429	7,192
School administration	186,773	-	186,773	171,869
Fiscal services	8,125	-	8,125	79,713
Central services	72,180	-	72,180	7,916
Pupil transportation services	34,245	-	34,245	35,495
Operation of plant	114,905	-	114,905	115,403
Maintenance of plant	5,614	-	5,614	6,132
Capital outlay:				
Other capital outlay	2,499	253,131	255,630	28,596
Total Expenditures	<u>1,109,509</u>	<u>253,131</u>	<u>1,362,640</u>	<u>1,113,773</u>
Excess (Deficit) of Revenues Over Expenditures	6,856	(250,330)	(243,474)	6,541
OTHER FINANCING SOURCES	-	-	-	-
SPECIAL ITEM				
Contribution to Doctors' Charter School	(96,708)	(80,710)	(177,418)	-
Net change in fund balance	<u>(89,852)</u>	<u>(331,040)</u>	<u>(420,892)</u>	<u>6,541</u>
Fund Balance at beginning of year	187,322	331,040	518,362	511,821
Fund Balance at end of year	<u>\$ 97,470</u>	<u>\$ -</u>	<u>\$ 97,470</u>	<u>\$ 518,362</u>

The accompanying notes are an integral part of this financial statement

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Miami Shores/Barry University "Connected Learning Community"(CLC), Inc. D/B/A Miami Shores/Barry University Charter School (the "School") is a not-for-profit corporation incorporated in the State of Florida and established as a charter school for children from grades six through eight.

The general operating authority of the School is contained in Section 1002.33 of the Florida Statutes. The School operated under a charter of the sponsoring district, the District School Board of Miami-Dade County, Florida (the "District") and is considered a component unit of such District during the year ended June 30, 2005. The charter was effective until June 30, 2015 but was surrendered to the District effective June 30, 2005 (See Note 6). These financial statements are for the year ended June 30, 2005 (School year 2004-05). The School had an enrollment of 180 students during that school year.

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the School's financial statements for the year ended June 30, 2004, from which the summarized information was derived.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements.

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities and changes in net assets. These statements report information for the School as a whole. The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for each major governmental fund. Non-major funds are summarized into a single column.

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The School reports the following major funds:

- General Fund – used to account for the full-time equivalent (FTE) revenue received from the District and the expenditures incurred under the charter with the District. In addition, it accounts for unrestricted contributions, interest income and other income
- Building Fund – used to account for resources segregated for the construction for a permanent facility for the School.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues, they include grants and donations. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Government-wide financial statements also report capital assets and long-term debt.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt and other liabilities which are reported as expenditures when the obligations are expected to be liquidated with expendable available financial resources.

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Basis Accounting

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

Cash

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

Due from Other Government Agencies

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

Improvements other than buildings	10 Years
Furniture, Fixtures and Equipment	5 Years

Pursuant to the Florida Statutes, any capital assets purchased with funds provided by the District would revert to the District upon termination of the charter. Management maintains records of such purchases. During the year ended June 30, 2005, \$253,131 of capital assets was purchased with capital outlay funds and \$2,499 of capital assets was purchased with FTE funds.

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources

Revenues for operations are received primarily from the District pursuant to the funding provisions included in the 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 Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the school receives an annual allocation of capital outlay funds.

Use of Estimates

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

NOTE 2 – INCOME TAXES

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 3 – CONCENTRATION OF RISK FOR CASH HELD AT BANKS

As of June 30, 2005, the carrying amount of the School's deposits was \$97,470 and the respective bank balance totaled \$481,224. During the year, the School maintained cash balances in various banking accounts. By June 30, 2005, all accounts were closed to one account at one banking institution. These deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Any excess funds are collateralized by U.S government securities under a repurchase agreement with the financial institution.

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 4 – CHANGES IN CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets for the year ended June 30, 2005:

	Balance 7/1/04	Additions	Transfers	Balance 6/30/05
Capital Assets:				
Improvement other than buildings	\$ 34,975	\$ -	\$ (34,975)	\$ -
Furniture, fixtures and equipment	335,719	2,499	(338,218)	-
Building improvements in progress	-	253,131	(253,131)	-
Total Capital Assets	<u>370,694</u>	<u>255,630</u>	<u>(626,324)</u>	<u>-</u>
Less Accumulated Depreciation:				
Improvement other than buildings	9,566	3,497	(13,063)	-
Furniture, fixtures and equipment	<u>155,639</u>	<u>55,340</u>	<u>(210,979)</u>	<u>-</u>
Total Accumulated Depreciation	<u>165,205</u>	<u>58,837</u>	<u>(224,042)</u>	<u>-</u>
Capital Assets, net	<u>\$ 205,489</u>	<u>\$ 196,763</u>	<u>\$ (402,282)</u>	<u>\$ -</u>

Depreciation expense for the year ended June 30, 2005 was \$58,837. All capital assets were transferred to Doctors Charter School of Miami Shores at year-end (See Note 6).

NOTE 5 – CONTINGENCIES AND CONCENTRATIONS

The School receives 96 % of its revenues from the District. These funds are subject to audit by the District and the State of Florida, the purpose of which is to ensure compliance with conditions precedent to funding. Any liability for reimbursement that may arise as a result of these audits is not reflected in the financial statements.

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 6 – RELATED PARTY TRANSACTIONS

Pursuant to the School charter agreement with the District, the School pays a management fee of 5% of qualifying revenues to the District. During the year ended June 30, 2005, fees paid to the District totaled \$50,232. The School also retains the services of employees of the District. The School reimburses the District for the actual cost of salaries, payroll taxes and benefits. The amount incurred during the year for these services totaled \$54,212. The amount payable at year-end was \$21,879. This liability was transferred to Doctors Charter School of Miami Shores (See below).

The School's facilities (portables) are located on land owned by Barry University, which is a founding sponsor of the School. The Dean of the Adrian Dominican School of Education of Barry University serves on the School's board of Trustees as President. The School leases this land from Barry University for \$35,000 paid annually through June 30. Due to the transition with Doctors Charter School of Miami Shores, the lease was extended to August 31, 2005. Barry University discharged the School's rent payments for the year since the portables were used by the university for evening classes and other. In addition, Barry University provides athletic facilities to the School at no charge.

Finally, several employees of the School, except those who are employed by the District, are paid by Barry University. The School reimburses Barry University for the actual cost of salaries and benefits plus 12% for payroll taxes, insurance and administrative fees. The total amount reimbursable during 2005 was \$745,741, of which \$55,400 were payable at year-end. This liability was transferred to Doctors Charter School of Miami Shores (See below).

At the end of the school year, effective June 30, 2005, the School transferred all of its operating assets and substantially all of its cash and operating liabilities to Doctors Charter School of Miami Shores, a newly formed Charter School sponsored by the Village of Miami Shores. The following summarizes the transfer:

	Prior to Transfer	Amounts Transferred	Ending 6/30/05
<u>Assets</u>			
Cash	\$ 363,070	\$ (265,600)	\$ 97,470
Accounts receivable	4,454	(4,454)	-
Property and equipment	402,282	(402,282)	-
	<u>769,806</u>	<u>(672,336)</u>	<u>97,470</u>
<u>Liabilities and Net Assets</u>			
Accounts payable	92,636	(92,636)	-
Net Assets	<u>677,170</u>	<u>(579,700)</u>	<u>97,470</u>
	<u>\$ 769,806</u>	<u>\$ (672,336)</u>	<u>\$ 97,470</u>

**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.
D/B/A MIAMI SHORES/BARRY UNIVERSITY CHARTER SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 6 – RELATED PARTY TRANSACTIONS (CONTINUED)

Following this transfer and the granting by the District School Board of Miami-Dade County of a School Charter to the Doctors Charter School of Miami Shores, the School surrendered its school charter to the District School Board of Miami-Dade County. Doctors Charter School of Miami Shores will now operate as a combined middle and high school. Doctors Charter School of Miami Shores assumed responsibility for all school records and each of the previous students at the School matriculated to Doctors Charter School of Miami Shores.

All of the fund balances in excess of \$97,470 were transferred to Doctors Charter School of Miami Shores to assist in the opening of a newly constructed permanent school facility. The fund balance transferred of approximately \$579,700 is reflected in the financial statements as a contribution to the Doctors Charter School of Miami Shores. These new facilities opened August 8, 2005 with the beginning of the 2005/2006 school year.

**NOTE 7 – RECONCILIATION OF THE GOVERNMENT-WIDE AND THE FUND
FINANCIAL STATEMENTS**

There are no differences between amounts reported in the governmental fund balance sheet and the statement of net assets.

The following is a reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the governmental funds to the Statement of Activities:

Change in Fund Balance – Governmental Funds	\$ (420,892)
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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, such costs are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the year.	196,793
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The School contributed assets and liabilities to Doctors Charter School during the year (See Note 6). This is the amount of capital assets contributed, which are reported in the statement of activities, but not reported in the government funds since capital assets have already been recorded as expenditures in the government funds.	(402,282)
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Change in Net Assets – Governmental Activities	<u>\$ (626,381)</u>
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**MIAMI SHORES/BARRY UNIVERSITY "CONNECTED LEARNING
COMMUNITY" (CLC), INC.**
D/B/A/ MIAMI SHORES /BARRY UNIVERSITY CHARTER SCHOOL
(A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2005

	Governmental Fund			Variance Final Budget Pos/(Neg)
	Original Budget	Final Budget	Actual	Actual
Capital Outlay Funding	\$ 90,000	\$ 90,000	\$ 68,344	\$ (21,656)
Local Sources	979,338	997,438	1,004,759	7,321
Fundraising	-	-	6,219	6,219
Interest	-	-	9,874	9,874
Other Revenue	-	-	29,970	29,970
Total Revenues	<u>\$ 1,069,338</u>	<u>\$ 1,087,438</u>	<u>\$ 1,119,166</u>	<u>\$ 31,728</u>
EXPENDITURES				
Current:				
Instruction	\$ 617,950	\$ 637,130	\$ 654,787	\$ (17,657)
Instructional media services	28,266	28,266	28,952	(686)
Instructional staff training services	2,302	2,302	1,429	873
School administration	187,416	187,416	186,773	643
Fiscal services	8,000	8,000	8,125	(125)
Central services	74,467	74,467	72,180	2,287
Pupil transportation services	34,200	34,200	34,245	(45)
Operation of plant	144,912	144,912	114,905	30,007
Maintenance of plant	11,660	11,660	5,614	6,046
Capital outlay:				
Other capital outlay	249,750	249,750	255,630	(5,880)
Total Expenditures	<u>1,358,923</u>	<u>1,378,103</u>	<u>1,362,640</u>	<u>15,463</u>
Excess (Deficit) of Revenues Over Expenditures	(289,585)	(290,665)	(243,474)	16,265
OTHER FINANCING SOURCES	289,585	290,665	-	-
SPECIAL ITEM				
Contribution to Doctors' Charter School	-	-	(177,418)	(177,418)
Net change in fund balance	-	-	(420,892)	(420,892)
Fund Balance at beginning of year	518,362	518,362	518,362	-
Fund Balance at end of year	<u>\$ 518,362</u>	<u>\$ 518,362</u>	<u>\$ 97,470</u>	<u>\$ (420,892)</u>

OTHER REPORTS



Regino Rodriguez CPA & Company, P.A.

**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 Trustees
Miami Shores/Barry University
"Connected Learning Community"(CLC), Inc.
D/B/A Miami Shores/Barry University Charter School
Miami Shores, Florida

We have audited the financial statements of Miami Shores/Barry University "Connected Learning Community"(CLC), Inc. D/B/A Miami Shores/Barry University Charter School, (the "School") as of, and for the year ended June 30, 2005 have issued our report thereon dated November 30, 2005. 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.

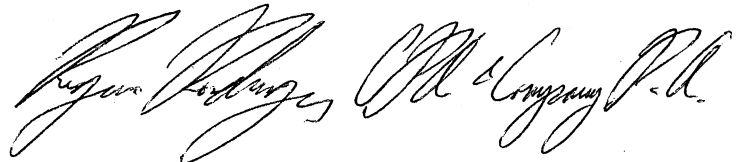
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 the audit committee, management and regulatory bodies. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

Miami Beach, Florida
November 30, 2005



Regino Rodriguez CPA & Company, P.A.

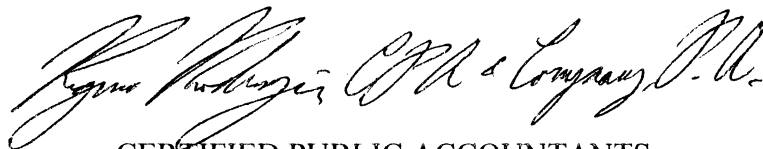
MANAGEMENT LETTER

Board of Trustees of
Miami Shores/Barry University
"Connected Learning Community"(CLC), Inc.
D/B/A Miami Shores/Barry University Charter School
Miami Shores, Florida

This letter is written in connection with our audit of the basic financial statements of Miami Shores/Barry University "Connected Learning Community"(CLC), Inc. D/B/A Miami Shores/Barry University Charter School, (the "School") as of and for the year ended June 30, 2005. The purpose for this letter is to communicate to you any comments and recommendations, and to comply with the requirements of Chapter 10.850 Rules of the Auditor General, Charter School Audits which requires that this report specifically address but not limit to the matters outlined in Rule 10.854(i)(d).

The following statements relate to requirements of the Auditor General:

1. There were no inaccuracies, irregularities, shortages, defalcations and/or violations of laws, rules, regulations or contractual provisions reported for the preceding audit.
2. There were no prior year findings or recommendations.
3. There were no recommendations to improve the School's financial management, accounting procedures and internal controls.
4. There were no violations of laws, rules, regulations or contractual provisions discovered during our audit.
5. There were no illegal or improper expenditures discovered during our audit, relating to improper or inadequate accounting procedures, improperly recorded transactions, fraud or other reportable conditions.



CERTIFIED PUBLIC ACCOUNTANTS

Miami Beach, Florida
November 30, 2005