

**LAWRENCE ACADEMY MIDDLE SCHOOL
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014**

Lawrence Academy Middle School
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014

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Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2014

Introductory Summary

Name and Address

Lawrence Academy Middle School
530 SW 1st Street
Florida City, Florida 33034

Director

Dr. Keitha Burnett

Governing Board

Ms. Lucy Ferreira – Chairperson
Lula Pearson – Vice-chairperson
Melvin Dennis – Board Member
Kenneth Cooper – Board Member
Fred Menachem - Board Member



James Accounting & Tax Practice, P.A.

10749 SW 104 Street, Miami FL 33176, Tel: 305-595-2886

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Report of Independent Auditor

To The Board of Directors
Lawrence Academy Middle School
530 SW 1st Street
Florida City, FL 33034

Report on the Financial Statements

I have audited the accompanying government-wide and fund financial statements of Lawrence Academy Middle School (a department of Lawrence Academy Inc. and a component unit of Miami-Dade County School District) as listed in the table of contents as of June 30, 2014 and for the year then ended in accordance with generally accepted accounting principles.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

The auditor's responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with generally accepted auditing standards in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States of America, as they relate to financial audits. These standards require that I plan and perform the audit to obtain reasonable assurance about whether these statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entities internal control. Accordingly, I express no such opinion. An audit also includes assessing the accounting principles used, and significant estimates made by management, and examining the overall financial statement presentation. I believe that the audit provided a reasonable basis for my opinion.

Opinion

In my opinion, the financial statements mentioned in the first paragraph, present fairly, in all material respects, the financial position and changes in financial position of Lawrence Academy Middle School as of June 30, 2014 and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, and budgetary comparison on pages 7 and 20 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. I have applied certain limited

procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about the methods of preparation, and comparing the information for consistency with management's responses, the basic financial statements, and other knowledge obtained during the audit. These limited procedures do not allow for the expression of an opinion or the provision of any assurance on the required supplementary information.

Other Reporting Requirements

In accordance with Government Auditing Standards, I have also issued a report dated August 27, 2014, on the consideration of the school's internal control over financial reporting, and the test of its compliance with certain provisions of laws, regulation, contracts and grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance, but not to provide an opinion on these matters. The report on internal control is an integral part of the audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of the audit.

Verna James

Certified Public Accountant

August 27, 2014

Miami Florida

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Management's Discussion and Analysis

Year Ended June 30, 2014

The management of Lawrence Academy Middle School has prepared this discussion and analysis to serve as an introduction to the School's financial statements. The School's financial statements for the year ended June 30, 2014 are presented in accordance with GASB 34. The basic financial statements have 3 parts: government-wide financial statements, fund financial statements, and notes to the financial statements. In addition to the basic financial statements, the report also contains other required supplementary information.

Government-Wide Financial Statements

The government-wide financial statements consist of the statement of net position and statement of activities, and are designed to provide readers with a broad overview of the school's finances. The statement of net position presents information on all the School's assets and liabilities, the difference between the two being described as net position. Increases or decreases in net asset may be an indicator of improvement or deterioration in the School's financial position.

The statement of activities presents information on how the School's net position changed during the past year. All changes in net position are reported when underlying event occurs without regard to the timing of related cash flows. Accordingly revenues and expenses are reported in this statement for some items for which the actual cash flows will result in the following year.

Fund Financial Statements

A fund is a self balancing set of related accounts grouped together to maintain control over resources that have been provided for specific activities, projects, or objectives. The School uses fund accounting to ensure and report compliance with financial-related legal requirements. All the activities of the School are governmental activities, and are reported under the general, capital and special revenue funds. The fund financial statements report on the same activities included in the government-wide statements, but with a focus on near term inflows and outflows. The funds as of June 30, 2014, therefore exclude investments in fixed assets, and represent resources available for expenditure in the near term.

The School's Board adopts an annual budget for the general fund, and a budgetary comparison statement has been provided to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes to the financial statements provide additional information which is essential to a full understanding of the basic financial statements.

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Management's Discussion and Analysis

Year Ended June 30, 2014

Analysis of Financial Statements

Government-Wide Financial Statements

At year's end the School had net position of \$74,441 compared with \$99,822 at the beginning of the year.

Statement of Net Position

ASSETS

June 30, 2014 June 30, 2013

CURRENT ASSETS:

Cash	38,120	35,259
Due From Other Agencies	<u>5,415</u>	<u>565</u>
TOTAL CURRENT ASSETS	<u>43,535</u>	<u>35,824</u>

PROPERTY AND EQUIPMENT:

Furniture, Fixtures, and Equipment (Note 4)	252,434	288,419
Accumulated Depreciation	<u>(195,659)</u>	<u>(200,869)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>56,775</u>	<u>87,550</u>

OTHER ASSETS

Deposit		
Receivable	15,850	0
Total Assets	<u>116,160</u>	<u>123,374</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Salaries, Benefits & Payroll Taxes Payable	10,114	3,431
Other accrued liabilities	17,964	6,444
Due to Other Agencies	<u>13,641</u>	<u>13,677</u>
TOTAL CURRENT LIABILITIES	<u>41,719</u>	<u>23,552</u>

NET POSITION

Invested in capital assets	56,775	87,550
Restricted	0	0
Unrestricted (Note 2)	<u>17,666</u>	<u>12,272</u>
TOTAL NET POSITION	<u>74,441</u>	<u>99,822</u>

Total Liabilities and Net Position

116,160 **123,374**

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Management's Discussion and Analysis

June 30, 2014

The statement of activities shown below indicates reduction in revenues due to reduction in enrollment. Net position decreased by \$25,381 for the year ended June 30, 2014 compared with a decrease of \$10,657 for the year ended June 30, 2013.

Statement of Activities and Changes in Net Position

	Year ended June 30, 2014	Year ended June 30, 2013
	\$	\$
REVENUES		
State Sources	482,608	512,902
Federal through State		
Charter School Capital Outlay	38,930	26,574
Other Federal Grants	78,955	69,861
Charges for Services and Other Local Sources	<u>14,163</u>	<u>13,779</u>
Total Revenue	614,656	623,116
EXPENSES		
Instruction	260,122	279,714
Pupil Personnel Services	339	2,028
Media Services	1,219	608
Instruction Curriculum Development Services	970	2,381
Instructional Staff Training Services	1,864	906
Board	6,879	9,731
General Administration	42,747	69,305
School Administration	38,603	35,120
Facilities Acquisition and Construction	73,365	18,589
Fiscal Services	31,776	27,943
Food Services	56,507	58,542
Central Services	183	5,396
Pupil Transportation Services	22,590	18,675
Operation of Plant	59,152	77,045
Maintenance of Plant	3,806	2,649
Administrative Technology Services	8,359	4,259
Community Services	781	1,028
Unallocated depreciation expenses	<u>30,775</u>	<u>37,863</u>
Total Expenses	640,037	651,782
Excess of Revenues over Expenditures	(25,381)	(28,666)
Extraordinary Item – Transfer of elementary sch. assets	<u>0</u>	<u>39,323</u>
CHANGE IN NET POSITION	(25,381)	(10,657)
 NET POSITION AT THE BEGINNING OF YEAR	 <u>99,822</u>	 <u>89,165</u>
NET POSITION AT THE END OF YEAR	<u>74,441</u>	<u>99,822</u>

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Management's Discussion and Analysis

June 30, 2014

Fund Financial Statements and Budgetary Analysis

At year's end Lawrence Academy Middle School's governmental fund balances equaled \$1,816, which is the amount that is available for near term expenditures. The difference between fund balance and net position is the amount invested in fixed assets and rental deposit. Net change in fund balance for the year is \$(10,456).

	Annual Budget Original & Final	Actual
State Sources	\$	\$
Florida Education Finance Program & Other State Programs	514,800	482,608
Local Sources	<u>24,610</u>	<u>14,163</u>
	539,410	496,771
Expenditures		
Instruction	237,144	234,837
Pupil Personnel Services	39,940	339
Media Services		1,219
Instruction Curriculum and Development Services	4,080	970
Instructional Staff Training Services	1,200	1,864
Board	5,378	6,879
General Administration	77,896	42,747
School Administration	5,110	38,603
Facilities Acquisition and Construction	14,400	50,286
Fiscal Services	28,420	31,776
Food Services		2,837
Central Services	6,019	183
Pupil Transportation Services	18,000	22,590
Operation of Plant	36,104	59,152
Maintenance of Plant	700	3,806
Administrative Technology Services	10,101	8,358
Community Services	0	781
Furniture Fixtures & equipment	<u>0,000</u>	<u>0</u>
Total Expenditures	<u>484,492</u>	<u>507,227</u>
Net Change in fund balance	54,918	(10,456)
Fund balance at beginning of the year	<u>12,272</u>	<u>12,272</u>
Fund balance at the end of the year	<u>67,190</u>	<u>1,816</u>

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Management's Discussion and Analysis

June 30, 2014

Enrollment

During the year the school enrolled students as follows:

	2013/2014	2012/2013
Grade 6	23	28
Grade 7	24	35
Grade 8	32	26
Total	79	89

Request for Information

This financial report is intended to provide an overview of the financial position of Lawrence Academy Middle School. Requests for additional information may be addressed to Dr. Keitha Burnett, Lawrence Academy, 530 SW 1st Street, Florida City, Florida 33034

Lawrence Academy Middle School
(A Department of Lawrence Academy Inc. And a Component Unit of Miami Dade School District)
Statement of Net Position
June 30, 2014

ASSETS

\$

CURRENT ASSETS:

Cash	38,120
Due From Other Agencies	<u>5,415</u>
TOTAL CURRENT ASSETS	<u>43,535</u>

PROPERTY AND EQUIPMENT:

Furniture, Fixtures, and Equipment (Note 4)	252,434
Accumulated Depreciation	<u>(195,659)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>56,775</u>

OTHER ASSETS

Deposit Receivable	<u>15,850</u>
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Total Assets **116,160**

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Salaries, Benefits & Payroll Taxes Payable	10,114
Other Payables	17,964
Due to Other Agencies	<u>13,641</u>
TOTAL CURRENT LIABILITIES	<u>41,719</u>

NET POSITION (Note 2)

Invested in capital assets	56,775
Restricted	
Unrestricted	<u>17,666</u>
TOTAL NET POSITION	<u>74,441</u>

Total Liabilities and Net Position **116,160**

The notes on pages 15-19 are an integral part of these financial statements.

Lawrence Academy Middle School
(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)
Statement of Activities and Changes in Net Position
Year Ended June 30, 2014

FUNCTIONS	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position Component Unit Activities
			Operating Grants and Contributions	Capital Grants and Contributions	
Component Unit Activities:	\$	\$	\$	\$	\$
Instruction	260,122		25,285		(234,837)
Pupil Personnel Services	339				(339)
Media Services	1,219				(1,219)
Instruction and Curriculum Development Services	970				(970)
Instructional Staff Training Services	1,864				(1,864)
Board	6,879				(6,879)
General Administration	42,747				(42,747)
School Administration	38,603				(38,603)
Facilities Acquisition and Construction	73,365			38,930	(34,435)
Fiscal Services	31,776				(31,776)
Food Services	56,507		53,670		(2,837)
Central Services	183				(183)
Pupil Transportation Services	22,590				(22,590)
Operation of Plant	59,152				(59,152)
Maintenance of Plant	3,806				(3,806)
Administrative Technology Services	8,359				(8,359)
Community Services	781				(781)
Unallocated Depreciation Expense *	<u>30,775</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(30,775)</u>
Total governmental activities	640,037		78,955	38,930	(522,152)
Grant and contributions not restricted to specific programs					482,608
Investment earnings					0
Miscellaneous					<u>14,163</u>
Total general revenues					496,771
Change in Net Position					(25,381)
Net Position at the start of the year					<u>99,822</u>
Net Position at the end of the year					<u>74,441</u>

* This amount excludes the depreciation that is included in direct expenses of the various functions.

The notes on pages 15-19 are an integral part of these financial statements

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)

General Fund Balance Sheet

Year Ended June 30, 2014

ASSETS

\$

CURRENT ASSETS:

Cash and Cash Equivalents 38,120

Due from Other Agencies 5,415

TOTAL CURRENT ASSETS 43,535

Total Assets 43,535

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Salaries, Benefits & Payroll Taxes Payable 10,114

Other Payables 17,964

Due to Other Agencies 13,641

TOTAL CURRENT LIABILITIES 41,719

Governmental Fund Balances

Unassigned 1,816

Total Fund balances 1,816

Total Liabilities and fund balances 43,535

The notes on pages 15-19 are an integral part of these financial statements

Lawrence Academy Middle School
 (A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)
Reconciliation of the General Fund Balance Sheet to the Statement of Net Position
As of Year Ended June 30, 2014

	\$
Total Fund Balances - Governmental Funds	1,816
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in <i>governmental activities</i> are not financial resources and therefore are not reported in the fund	56,775
Rental deposit is not available for expenditure in the near term and therefore is not reported in the fund	<u>15,850</u>
Total Net Position - Governmental Activities	<u>74,441</u>

The notes on pages 15-19 are an integral part of these financial statements

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2014

	General Fund	Capital	Special Revenue	Total
	\$	\$	\$	\$
State Sources	482,608			482,608
Federal through State				-
Charter School Capital Outlay		38,930		38,930
Other Federal Grants			78,955	78,955
Local Sources	<u>14,163</u>	<u>-</u>	<u>-</u>	<u>14,163</u>
Total Revenues	496,771	38,930	78,955	614,656
Expenditures				
Instruction	234,837		25,285	260,122
Pupil Personnel Services	339			339
Media Services	1,219			1,219
Instruction Curriculum and Development Services	970			970
Instructional Staff Training Services	1,864			1,864
Board	6,878			6,878
General Administration	42,747			42,747
School Administration	38,603			38,603
Facilities Acquisition and Construction	50,286	38,930		89,216
Fiscal Services	31,776			31,776
Food Services	2,837		53,670	56,507
Central Services	183			183
Pupil Transportation Services	22,590			22,590
Operation of Plant	59,152			59,152
Maintenance of Plant	3,806			3,806
Administrative Technology Services	8,359			8,359
Community Services	781			781
Other Capital Outlay	<u>0</u>	<u>-</u>	<u>-</u>	<u>0</u>
	507,227	38,930	78,955	625,112
Net Change in fund balance	(10,456)			(10,456)
Fund balance at beginning of the year	<u>12,272</u>	<u>-</u>		<u>12,272</u>
Fund Balance at the End of the Year	<u>1,816</u>			<u>1,816</u>

The notes on pages 15-19 are an integral part of these financial statements

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

For the Year Ended June 30, 2014

\$

Net Change in Fund Balance

(10,456)

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

Rental deposit treated as receivable while in the fund account it is treated as an expenditure

15,850

Government funds report capital outlays as expenditures, while in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current year.

(30,775)

Total Net Position - Governmental Activities

(25,381)

The notes on pages 15-19 are an integral part of these financial statements

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Notes to Financial Statement

Year ended June 30, 2014

NOTE –1 NATURE OF ACTIVITIES:

Lawrence Academy Middle School, a charter school, is a department of Lawrence Academy, Inc., which was incorporated on November 10, 2004 as a not-for-profit under the laws of the state of Florida. The School is recognized as a public school (a component unit) within the District of Miami Dade County, as such, the school is funded on the same basis as the District. Additionally, Florida Statutes Section 1002.33, states that the School Board shall monitor revenues and expenditures of the charter schools. Charter schools are funded from public funds based on enrollment, and can also be eligible for grants in accordance with the state and federal guidelines, including food service and capital outlay. Additionally, all students enrolled in charter schools are included in the District's total enrollment. Charter schools can accept private donations and incur debt in the operation of the school. The school operates under a charter granted by the School Board of Miami-Dade County, Florida (the sponsor). The current charter is effective until June 30, 2015, and may be renewed for an additional fifteen years by mutual agreement of the parties.

Lawrence Academy, Inc operates 2 charter schools (Lawrence Academy Senior High and Lawrence Academy Middle) from the same location. Although the two schools share certain facilities, they both have separate financial statements. The financial statements for the Senior High are not incorporated in these financial statements. 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 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 basic 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 basic financial statement.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include a statement of net position and statement of activities. These statements report results for the school as a whole, and cover only government activities as the School does not engage in any business type activities.

The statement of net position presents the difference between assets and liabilities as net position, which is divided into three categories: net amount invested in capital assets, restricted, and unrestricted. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations by other governments or enabling legislation.

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Notes to Financial Statement

Year ended June 30, 2014

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 and (2) operating grants and contributions which finance annual operating activities. These revenues are subject to externally imposed restrictions to specific program uses. Other revenues not properly included with program revenues are reported as general revenues.

Fund Financial Statements

A fund is a self balancing set of related accounts grouped together to maintain control over resources that have been provided for specific activities, projects, or objectives. The School uses fund accounting to ensure and report compliance with financial and legal requirements. All the activities of the School are governmental activities, and are reported under the general, capital, and special revenue funds. The funds report on the same activities included in the government-wide statements, but with a focus on near term inflows and outflows. The fund balances as of June 30, 2014, therefore exclude investments in capital assets, and represent resources available for expenditure in the near term. Fund balances may be classified as non-spendable, restricted, committed, assigned or unassigned. The general fund balance as of June 30, 2014 is classified as unassigned.

Basis of Accounting and Measurement Focus

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) The government-wide statements report using the economic resources measurement focus and full accrual basis of accounting. Accordingly revenues are recorded when earned and expenses when incurred without regard to the timing of related cash flows.

The general fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. 'Measurable' means the amount of transaction can be determined, and 'available' means the amount is collectible within 3 months. Expenditures are recorded when the liability is incurred.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses

The cost of providing program services, have been summarized on a functional basis in the statement of activities. Accordingly certain costs have been allocated among the programs benefited.

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Notes to Financial Statement

Year ended June 30, 2014

Property and Equipment

The school capitalizes all expenditures for capital assets in excess of \$1,000. Depreciation is computed using the straight line method over the estimated useful life of the asset. Computer equipment is depreciated over 3 years while furniture & fixtures and other equipment are depreciated over 7 years.

Revenue Recognition

The organization's revenue is derived from local governmental. Grant revenue is recognized based on the amount of grant expenses incurred in accordance with budgeted items provided in the grant contract. Grants awarded for specific purposes other than general operations of the organization are deemed to be earned when the organization has incurred expenses in compliance with specific restrictions.

Post Retirement Benefits

The school provides no post retirement benefits.

Compensated Absences

The school grants ten days for sick and personal leave to full time employees. Employees with unused days at the end of the fiscal year may carry them forward to the following year. The School does not allow employees to take cash in lieu of leave. There were no unused sick or personal days at the end of the year.

Income Tax

Lawrence Academy Inc., under which the School operates, is a not-for-profit organization exempt from federal income tax under Internal Revenue Code 501 (c) (3). Accordingly, no provision for federal income taxes has been made.

The school adopted the provisions of FASB ASC 740 (formerly FASB Interpretation No. 48) Accounting for Uncertainty in Income Tax (FIN 48). Under FIN 48, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of FIN 48 had no impact on the school's financial statements. The school does not believe there are any uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. The school has, therefore not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions as of June 30, 2014.

The school is subject to routine audits by taxing jurisdictions; however, there are no audits in progress for any tax period at this time. The schools tax returns for 2011-2014 remain subject to audit by the major taxing jurisdictions.

NOTE 3 - RELATED PARTY TRANSACTIONS

The School is a department of Lawrence Academy, Inc. (the corporation) and is affiliated with the Lawrence Academy Senior High, which is also a department of the corporation. The two schools share certain costs as a result of operating out of the same facility. The schools may also advance monies temporarily, to each other.

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Notes to Financial Statement

Year ended June 30, 2014

NOTE 4 – CAPITAL ASSETS

Changes in capital asset balances for the year ended June 30, 2014

	<u>Balance July 1, 2013</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance June 30, 2014</u>
	\$		\$				\$
Furniture, Fixtures, and Equipment	284,667				35,985		248,682
Computer Software	3,752						3,752
	288,419						252,434
Less:							
Accumulated Depreciation	200,869		30,775		35,985		195,659
Total	87,550		30,775		0		56,775

NOTE 5 – GRANT SOURCES

Below is a schedule of sources of grant for the year ended June 30, 2014:

	\$
National School Lunch Program	53,670
Capital Outlay Funding	38,930
Title 1 Funds	25,285
Florida Education Finance Program and Other State Programs	482,608
Total	600,493

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Notes to Financial Statement

Year ended June 30, 2014

NOTE 6 – CONTINGENCIES:

Grantor Audits

Costs reflected in the accompanying financial statements relating to government funded programs are subject to audit by the Grantor Agencies. The possible disallowance by the Grantor of any item charged to the program cannot be determined at this time. No provision has been made in these financial statements for any liability that may result.

NOTE 7 – LEASE EXPENSES

Lawrence Academy Inc. has entered into a 4 year lease for the premises at 530 SW 1st Street, Florida City from August 1st 2013, to July 31st, 2017. Future Lease payments based on the agreement are as follows:

	\$
Year ending June 30, 2015	144,015
Year ending June 30, 2016	149,193
Year ending June 30, 2017	153,669
Total	<u>446,877</u>

Lawrence Academy Inc has also entered into a 3 year lease for equipment from October 1st, 2012 – September 30th 2016. Based on the agreement future lease payments are as follows:

	\$
Year ending June 30, 2015	10,272
Year ending June 30, 2016	2,568
Total	<u>12,840</u>

Lawrence Academy Inc. manages Lawrence Academy Middle School as well as Lawrence Academy Senior High. The leases are allocated between the 2 schools based on usage.

NOTE 8 – RISK FINANCING

The school is exposed to risks inherent in operating a school. The school places all risks, less nominal deductibles, with commercial insurance carriers. The management believes that risks are adequately insured, and that any deductibles that may be incurred in the event of a loss, will not materially affect the financial position of the school.

NOTE 9 – CASH

Cash accounts are all held with financial institutions which are federally insured.

NOTE 10 – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through August 27, 2014, the date on which the financial statements became eligible for release.

Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Budgetary Comparison

Year ended June 30, 2014

Governmental Funds

	Annual Budget Original & Final	Actual
State Sources	\$	\$
Florida Education Finance Program & Other State Programs	514,800	482,608
Local Sources	<u>24,610</u>	<u>14,163</u>
	539,410	496,771
Expenditures		
Instruction	237,144	234,837
Pupil Personnel Services	39,940	339
Media Services		1,219
Instruction Curriculum and Development Services	4,080	970
Instructional Staff Training Services	1,200	1,864
Board	5,378	6,879
General Administration	77,896	42,747
School Administration	5,110	38,603
Facilities Acquisition and Construction	14,400	50,286
Fiscal Services	28,420	31,776
Food Services		2,837
Central Services	6,019	183
Pupil Transportation Services	18,000	22,590
Operation of Plant	36,104	59,152
Maintenance of Plant	700	3,806
Administrative Technology Services	10,101	8,358
Community Services	0	781
Furniture Fixtures & equipment	<u>0,000</u>	<u>0</u>
Total Expenditures	<u>484,492</u>	<u>507,227</u>
Net Change in fund balance	54,918	(10,456)
Fund balance at beginning of the year	<u>12,272</u>	<u>12,272</u>
Fund balance at the end of the year	<u>67,190</u>	<u>1,816</u>

There were no differences between Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures.



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

To the Board of Directors
Lawrence Academy Middle School
530 SW 1st Street
Florida City, Florida 33034

I have audited the basic financial statements of Lawrence Academy Middle School (the school) as of and for the year ended June 30, 2014 and have issued a report thereon dated August 27, 2014. I conducted the 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.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the school, are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of the audit, and accordingly, I do not express such an opinion. The result of the tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing the audit, I considered internal control over financial reporting in order to determine auditing procedures for the purpose of expressing an opinion on the financial statements, and not to provide assurance on the internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the school's internal control over financial reporting. The consideration of internal control over financial reporting is not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned duties, to prevent or detect misstatements on a timely basis. A material weakness is a condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level, the risk that misstatements 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. A significant

deficiency is a deficiency, or combination of deficiency, less severe than a material weakness, yet important enough to merit attention by those charged with governance. There were no matters involving the internal control over financial reporting and its operation that was considered to be material weaknesses or significant deficiencies.

Purpose of this Report

This report is intended solely to describe the scope of testing of internal control and compliance and the result of the testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards. Accordingly this report is not suitable for any other purpose.

Verna James

Certified Public Accountant

August 27, 2014

Miami Florida



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email: verna@jamesaccounting.com Website: www.jamesaccounting.com

August 27, 2014

The Board of Directors
Lawrence Academy Middle School
530 SW 1st Street
Florida City, Florida 33034

Report on the Financial Statements

I have audited the financial statements of the Lawrence Academy Middle School, as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated August 27, 2014.

Auditor's Responsibility

I conducted the 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 as they relate to financial audits.

Other Reporting Required by *Government Auditing Standards*

I have issued an Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, based on an audit of the financial statements performed in accordance with *Government Auditing Standards*. Disclosures in those reports, which are dated August 27, 2014, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine 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 the audit, it was determined that the school did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for the school. It is management's responsibility to monitor the school'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.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that appropriate procedures be applied to determine whether the school maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the school maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is ***Lawrence Academy Middle School***

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Purpose of this Letter

This management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Verna James

Certified Public Accountant

August 27, 2014

Miami Florida