



LINCOLN-MARTI CHARTER SCHOOLS, INC.

LITTLE HAVANA CAMPUS CHARTER SCHOOL

**(A Component Unit of the School Board
of Miami-Dade County)**

FISCAL YEARS ENDED JUNE 30, 2015 AND 2014



CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS CONSULTANTS

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
(Little Havana Campus Charter School)
(A Component Unit of the School Board of Miami-Dade County)
Miami, Florida

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of the governmental activities and major fund of Lincoln-Marti Charter Schools, Inc. (Little Havana Campus Charter School) (the "School"), (a component unit of the School Board of Miami-Dade County), as of and for the fiscal years ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose 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

Our responsibility is to express opinions on these special purpose 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 special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the School as of June 30, 2015, and the respective changes in financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of the Matter

As discussed in Note 1, the special purpose financial statements of Lincoln-Marti Charter Schools, Inc. (Little Havana Campus) are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and fund information of Lincoln-Marti Charter Schools, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Lincoln-Marti Charter Schools, Inc., as of June 30, 2015, the changes in its financial position, or, where applicable, its cash flow for the years 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 the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 25 and 26 be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose 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 special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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.

Prior Period Financial Statements

The special purpose financial statements of Lincoln-Marti Charter School, Inc. (Little Havana Campus) as of June 30, 2014, were audited by other auditors whose report dated August 28, 2014, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2015, 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, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

The Shroyer Group, P. A.

August 27, 2015

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

As management of Lincoln-Marti Charter Schools, Inc. (Little Havana Campus) (the "School"), we offer readers this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2015.

Management's discussion and analysis is included at the beginning of the audited financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the financial statements as a whole, which consists of the financial statements and supplementary information intended to furnish additional detail to support the special purpose financial statements themselves.

FINANCIAL HIGHLIGHTS

Our special purpose financial statements provide these insights into the results of this year's operations.

The School's current year of operations generated a net position of \$137,436 compared to a decrease from last year's net position of \$269,377. The overall condition of the funds and governmental activities remains stable for the School.

The assets of the School exceeded its liabilities at June 30, 2015 by approximately \$1,668,826. Of this amount, approximately \$716,221 was unrestricted.

USING THIS ANNUAL REPORT

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

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the School's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 government's net position changed during the most recent fiscal year. All changes in net position 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 (e.g., uncollected revenues and services rendered but unpaid).

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

USING THIS ANNUAL REPORT (CONT'D)

Government-Wide Financial Statements (Cont'd)

The government-wide financial statements include all *governmental activities* that are principally supported by grants and entitlements from the State for full-time equivalent funding. The School does not have any *business-type activities*. The governmental activities of the School primarily include instructional and support services.

The government-wide financial statements can be found on pages 9 through 11 of the 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, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's only fund is the General Fund, a governmental fund type.

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 inflow and outflow 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 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 changes in fund balance provide a reconciliation to facilitate this comparison *between governmental funds and governmental activities*.

The School maintains only one governmental fund type, which is the General Fund. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

The School adopts an annual budget for its governmental fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The special purpose governmental fund financial statements can be found on pages 12 through 15 of this report.

Notes to the 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 16 through 24 of this report.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
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(A Component Unit of the School Board of Miami-Dade County)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

USING THIS ANNUAL REPORT (CONT'D)

Other Information

In addition to the special purpose financial statements and accompanying notes, this report also presents certain required *supplementary information* concerning budgetary information for the School's general fund. Required supplementary information can be found on pages 25 and 26 of this report.

Our auditor has provided reasonable assurance in their independent auditors' report, located immediately preceding this Management's Discussion and Analysis, that the Special Purpose Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Supplementary Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts listed in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the sixth year of operation. The School's net position was \$1,668,826 at June 30, 2015. Of this amount, \$716,221 is unrestricted and \$952,605 is invested in capital assets.

Our analysis of the special purpose financial statements of the School begins below. The Statement of Net Position and the Statement of Activities report information about the School's activities that will help answer questions about the position of the School.

Net Position

A summary of the School's Net Position is presented in Table A-1 and a summary of the changes in net position is presented in Table A-2.

Table A-1
Summary of net position

	<u>2015</u>	<u>2014</u>
Current assets	\$ 678,649	\$ 692,772
Due from related parties	296,424	286,198
Capital assets, net	<u>952,605</u>	<u>855,247</u>
Total assets	<u>1,927,678</u>	<u>1,834,217</u>
Current liabilities	126,144	149,452
Due to related parties	<u>132,708</u>	<u>153,375</u>
Total liabilities	<u>258,852</u>	<u>302,827</u>
Invested in capital assets	952,605	855,247
Unrestricted	<u>716,221</u>	<u>676,142</u>
Total net position	<u>\$ 1,668,826</u>	<u>\$ 1,531,390</u>

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT'D)

Net Position (Cont'd)

***Table A-2
Summary of changes in net position***

	<u>2015</u>	<u>2014</u>
REVENUES:		
State FTE revenues	\$ 5,399,272	\$ 4,983,614
Local grants and other	306,744	281,760
Contribution	<u>783,534</u>	<u>566,885</u>
Total Revenues	<u>6,489,550</u>	<u>5,832,259</u>
EXPENSES:		
Instructional services	2,579,539	2,285,065
Instructional materials	26,305	30,699
School administration	1,113,479	967,589
Central services	208,109	184,550
Operation of non-instructional services	57,682	42,272
Operation and maintenance of plant	<u>2,367,000</u>	<u>2,052,707</u>
Total Expenses	<u>6,352,114</u>	<u>5,562,882</u>
Increase in net position	137,436	269,377
Net position, beginning	<u>1,531,390</u>	<u>1,262,013</u>
Net position, ending	<u>\$ 1,668,826</u>	<u>\$ 1,531,390</u>

As noted above and in the statement of activities on pages 10 and 11, the cost of all governmental activities during the year ended June 30, 2015 and 2014 was \$6,352,114 and \$5,562,882, respectively. The majority of these activities were financed through general revenues of \$5,268,814 and \$4,673,315, which consist primarily of FTE funding from the State.

See "Financial Highlights" on page 3 of this report, for a further explanation of the reason for the increase in net position.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

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

Governmental funds. The focus of the School's governmental fund 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS (CONT'D)

At the end of the School's sixth fiscal year of operations, fund balance of the general fund was \$716,221. The general fund is the chief operating fund and only fund of the School.

A summary of the general fund's condensed balance sheet and statement of revenues, expenditures and changes in fund balance is presented in Table B-1 and B-2 as of and for the fiscal years ended June 30, 2015 and 2014:

Table B1
Summary of condensed Balance Sheet

	<u>2015</u>	<u>2014</u>
Total assets	\$ <u>975,073</u>	\$ <u>978,970</u>
Total liabilities	\$ 258,852	\$ 302,827
Total fund balance	<u>716,221</u>	<u>676,143</u>
Total liabilities and fund balance	\$ <u>975,073</u>	\$ <u>978,970</u>

Table B2
Summary of condensed statement of revenues, expenditures, and changes in fund balance

	<u>2015</u>	<u>2014</u>
Total revenues	\$ 6,489,550	\$ 5,832,259
Total expenditures	<u>6,449,472</u>	<u>5,695,322</u>
Changes in fund balance	\$ <u>40,078</u>	\$ <u>136,937</u>

An operating budget was adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the budget during the fiscal year ended June 30, 2015.

The general fund actual revenues were \$6,489,550 for the fiscal year ended June 30, 2015. That amount is below the budget due to lower FTE students than expected.

The actual expenditures of the general fund were \$6,449,472 for the fiscal year ended June 30, 2015. This is below the budget estimates primarily due to lower than anticipated contract service expenditures. See page 25 for detail of budget vs. actual variance.

CAPITAL ASSETS

At June 30, 2015, the School had \$2,113,808 invested in furniture, fixtures, computer equipment, textbooks and leasehold improvements of which approximately \$1,161,203 has been depreciated, which resulted in a net book value of \$952,605. Total additions for the year were \$428,215.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
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(A Component Unit of the School Board of Miami-Dade County)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State of Florida has increased education funding for the Florida Education Finance Program for the fiscal year 2015-2016, by approximately (3%) three percent. Student enrollment is expected to increase due to the success of the Lincoln-Marti Charter Schools on the 2015 Florida Standard Assessment. These factors were considered in preparing the School's budget for fiscal year 2015-2016.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Martin Anorga, Lincoln-Marti Charter School, Inc. 2700 SW 8th Street, Miami, FL 33135.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
STATEMENT OF NET POSITION
JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 488,742	\$ 671,965
Receivables	42,265	6,670
Prepaid rent	147,642	14,137
Due from related parties	296,424	286,198
Capital assets:		
Improvements other than buildings	346,726	269,237
Classroom furniture, fixture, equipment and others	1,767,082	1,416,356
Less accumulated depreciation	<u>(1,161,203)</u>	<u>(830,346)</u>
Total Assets	<u>1,927,678</u>	<u>1,834,217</u>
LIABILITIES		
Accounts payable		
Due to related parties	39,855	15,000
Wages payable	132,708	153,375
Total Liabilities	<u>86,288</u>	<u>134,452</u>
	<u>258,852</u>	<u>302,827</u>
NET POSITION		
Invested in capital assets	952,605	855,247
Unrestricted	<u>716,221</u>	<u>676,143</u>
Total Net Position	<u>\$ 1,668,826</u>	<u>\$ 1,531,390</u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

		<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>	<u>Governmental Activities Total</u>
FUNCTIONS/PROGRAMS:					
Governmental Activities:					
Instructional services	\$ (2,579,539)	\$ -	\$ 173,160	\$ -	\$ (2,406,379)
Instructional materials	(26,305)	-	-	-	(26,305)
School administration	(1,113,479)	-	-	-	(1,113,479)
Central services	(208,109)	-	-	-	(208,109)
Operation of plant	(57,682)	-	-	-	(57,682)
Maintenance of plant	<u>(2,367,000)</u>	<u>-</u>	<u>783,534</u>	<u>264,042</u>	<u>(1,319,424)</u>
Total activities	<u>\$ (6,352,114)</u>	<u>\$ -</u>	<u>\$ 956,694</u>	<u>\$ 264,042</u>	<u>\$ (5,131,378)</u>
General Revenues:					
FTE non-specific revenues					5,267,026
Miscellaneous					<u>1,788</u>
Total general revenues					<u>5,268,814</u>
Change in net position					137,436
Net position, beginning					<u>1,531,390</u>
Net position, ending					<u>\$ 1,668,826</u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

		<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>	<u>Governmental Activities Total</u>
FUNCTIONS/PROGRAMS:					
Governmental Activities:					
Instructional services	\$ (2,285,065)	\$ -	\$ 280,696	\$ -	\$ (2,004,369)
Instructional materials	(30,699)	-	-	-	(30,699)
School administration	(967,589)	-	-	-	(967,589)
Central services	(184,550)	-	-	-	(184,550)
Operation of plant	(42,272)	-	-	-	(42,272)
Maintenance of plant	<u>(2,052,707)</u>	<u>-</u>	<u>566,885</u>	<u>311,363</u>	<u>(1,174,459)</u>
Total activities	<u>\$ (5,562,882)</u>	<u>\$ -</u>	<u>\$ 847,581</u>	<u>\$ 311,363</u>	<u>\$ (4,403,938)</u>
General Revenues:					
FTE non-specific revenues					4,672,251
Miscellaneous					<u>1,064</u>
Total general revenues					<u>4,673,315</u>
Change in net position					269,377
Net position, beginning					<u>1,262,013</u>
Net position, ending					<u>\$ 1,531,390</u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
BALANCE SHEETS – GOVERNMENTAL FUND
JUNE 30, 2015 AND 2014**

	Governmental Activities	
	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 488,742	\$ 671,965
Receivables	42,265	6,670
Prepaid rent	147,642	14,137
Due from related parties	<u>296,424</u>	<u>286,198</u>
Total Assets	<u>975,073</u>	<u>978,970</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	39,856	15,000
Due to related parties	132,708	153,375
Wages payable	<u>86,288</u>	<u>134,452</u>
Total Liabilities	<u>258,852</u>	<u>302,827</u>
Fund Balance:		
Non-spendable	147,642	14,137
Unassigned	<u>568,579</u>	<u>662,006</u>
Total Fund Balance	<u>716,221</u>	<u>676,143</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	<u>952,605</u>	<u>855,247</u>
Net position of governmental activities	<u>\$ 1,668,826</u>	<u>\$ 15,531,390</u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

REVENUES:

State FTE revenues	\$ 5,399,272
Local grants and others	306,744
Contributions	<u>783,534</u>
Total Revenues	<u>6,489,550</u>

EXPENDITURES:

Instructional services	2,579,539
Instructional materials	26,305
School administration	1,113,479
Central services	208,109
Operation of plant	57,682
Maintenance of plant	<u>2,464,358</u>
Total Expenditures	<u>6,449,472</u>

Change in fund balance	40,078
Fund balance at beginning of year	<u>676,143</u>
Fund balance at end of year	<u><u>\$ 716,221</u></u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

REVENUES:

State FTE revenues	\$ 4,983,614
Local grants and others	281,760
Contributions	<u>566,885</u>
Total Revenues	<u>5,832,259</u>

EXPENDITURES:

Instructional services	2,285,065
Instructional materials	30,699
School administration	967,589
Central services	184,550
Operation of plant	42,272
Maintenance of plant	<u>2,185,147</u>
Total Expenditures	<u>5,695,322</u>

Change in fund balance	136,937
Fund balance at beginning of year	<u>539,206</u>
Fund balance at end of year	<u><u>\$ 676,143</u></u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance – total governmental fund	\$ 40,078
Expenditures for capital assets	428,215
Less current year depreciation	<u>(330,857)</u>
Change in net position of governmental activities	<u><u>\$ 137,436</u></u>
	<u>2014</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance – total governmental fund	\$ 136,937
Expenditures for capital assets	412,731
Less current year depreciation	<u>(280,291)</u>
Change in net position of governmental activities	<u><u>\$ 269,377</u></u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

On January 14, 2009, the Miami-Dade County School Board approved the application submitted by the Board of Directors of Lincoln-Marti Charter Schools, Inc. for the creation of Lincoln-Marti Charter Schools (Little Havana Campus Charter School) (the "School"). Lincoln-Marti Charter Schools, Inc. (the "Organization") is a non-profit organization incorporated under the laws of Florida to operate charter schools organized pursuant to Section 1002.33 of the Florida Statutes. The governing body of the School is the Organization's Board of Directors.

The School operates under a charter of the sponsoring school district, the Miami-Dade County School Board (the "School Board"). The School's charter was approved by the School Board on January 14, 2009 and is effective until June 30, 2019. The charter may be renewed for up to an additional fifteen (15) years by mutual written agreement between the Organization and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the Organization in writing at least 90 days prior to the charter's termination. Pursuant to Section 1002.33(8)(e), of the Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the School Board. During the term of the charter, the School Board may also terminate the charter if good cause is shown. For financial reporting purposes, the School is considered a component unit of the School Board of Miami-Dade County and is included in the School Board's comprehensive annual financial report.

Enrollment and Grade Configuration

<u>School Name and Addresses</u>	<u>Grades</u>	<u>Enrollment</u>
Lincoln-Marti Charter Schools (Little Havana Campus Charter School) 970-984 West Flagler Street Miami, FL 33130	K-8	758

Board of Directors

The Board of Directors of the Lincoln-Marti Charter School, Inc. consists of the following members:

Martin Anorga	President/ Chairperson
Clay Reiner	Vice President/Secretary
Gil Beltran	Treasurer

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

Note 1 - Summary of Significant Accounting Policies (Cont'd)

Reporting Entity (Cont'd)

Financial Statements Presentation

For financial reporting purposes, Little Havana Campus Charter School is a program of Lincoln-Marti Charter Schools, Inc.

The special purpose financial statements present the government-wide statements, balance sheet and statement of revenues, expenditures and changes in fund balance for the Little Havana Campus Charter School of Lincoln-Marti Charter Schools, Inc. only and do not include the assets, liabilities, net position, statement of activities and cash flows of Lincoln-Marti Charter Schools, Inc. (a nonprofit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of Lincoln-Marti Charter Schools, Inc. as of June 30, 2015 and 2014 or its changes in net position and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Government-Wide and Fund Financial Statements

The School's government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the activities of the School. Governmental activities are supported by Full-Time Equivalent (FTE) dollars and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital requirements of a particular function. FTE dollars and other items not properly included among program revenues are reported instead as general revenues.

The *general fund* is the School's only operating fund and its only governmental fund. It accounts for all financial resources of the school.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The School's government-wide financial statements are reported 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Note 1 - Summary of Significant Accounting Policies (Cont'd)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

The School's fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 9 months of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

FTE dollars, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

Assets, Liabilities and Net Position

Cash and Cash Equivalents

The School considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. The School has no cash equivalents at June 30, 2015 and 2014.

Receivables

All intergovernmental receivables are considered to be collectible. No allowance for uncollectible is considered necessary.

Prepaid Items

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include improvements other than buildings and classroom furniture, fixture, textbooks, equipment and others, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual or collective cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

Note 1 - Summary of Significant Accounting Policies (Cont'd)

Assets, Liabilities and Net Position (Cont'd)

Capital Assets (Cont'd)

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Improvement other than buildings	10
Classroom furniture, fixtures, equipment and others	3-7

Fund Equity/Net Position

Beginning with fiscal year 2011, the School implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides a clear definition of fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventories and prepayments) or (b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors. These amounts cannot be used for any other purpose unless the School's Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School's Board of Directors.

Unassigned - This classification consists of the fund balance for the General Fund. Unassigned amounts are the portion of fund balance which is not obligated or specifically designated and is available for any purpose.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

Note 1 - Summary of Significant Accounting Policies (Cont'd)

Assets, Liabilities and Net Position (Cont'd)

Fund Equity/Net Position (cont'd)

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt) and restricted and unrestricted.

Investment in Capital Assets (net of related debt) - is intended to reflect the portion of net assets which are associated with non-liquid capital assets less outstanding capital asset related debt. The net related debt is debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position - represent liquid assets (generated from revenues and not bond proceeds) which have third party (statutory, bond covenant or granting agency) limitations on their use. The School would typically use restricted net position first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

Unrestricted Net Position - represent unrestricted liquid assets.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed. When expenditure is incurred for the purpose of which both restricted and unrestricted funds are 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 has provided otherwise in its commitment or assigned actions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make- estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may differ from actual results.

Revenue Sources

Revenues for operations are received primarily from the Miami-Dade County District School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter, the School reports the number of full-time equivalent students and related data to the District. Under the provisions of Section 1011.62, of the Florida Statutes, the District reports the number of full-time equivalent 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 full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

Note 1 - Summary of Significant Accounting Policies (Cont'd)

Date of Management Review

The School has evaluated subsequent events through August 27, 2015 which is the date the special purpose financial statements were available to be issued.

Note 2 - Deposits

The School's cash includes cash on hand and demand deposits. At June 30, 2015 and 2014, the carrying amounts of the School's deposits were \$488,742 and \$671,965, respectively, while the bank balances of such deposits were \$572,909 and \$812,883, respectively. The School's deposit are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"), all cash in the bank is held in banking institutions approved by the State of Florida, State Treasurer.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. As of June 30, 2015, the School maintained deposits in FDIC-insured bank and temporary transactions accounts guarantee, of the \$572,909 bank balance, the School was exposed to \$322,909 custodial credit risk.

Note 3 - Capital Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Improvements other than buildings	\$ 269,237	\$ 77,489	\$ -	\$ 346,726
Classroom furniture, fixtures, equipment and others	<u>1,416,356</u>	<u>350,726</u>	<u>-</u>	<u>1,767,082</u>
Total capital assets being depreciated	<u>1,685,593</u>	<u>428,215</u>	<u>-</u>	<u>2,113,808</u>
Less accumulated depreciation for:				
Improvements other than buildings	(79,684)	(25,369)	-	(105,053)
Classroom furniture, fixtures, equipment and others	<u>(750,662)</u>	<u>(305,488)</u>	<u>-</u>	<u>(1,056,150)</u>
Total accumulated depreciation	<u>(830,346)</u>	<u>(330,857)</u>	<u>-</u>	<u>(1,161,203)</u>
Total capital assets being depreciated, net	<u>\$ 855,247</u>	<u>\$ 97,358</u>	<u>\$ -</u>	<u>\$ 952,605</u>

Expenditures for capital assets during the fiscal year ended June 30, 2015 were \$428,215.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

Note 3 - Capital Assets (Cont'd)

Depreciation expense was charged to functions/programs of the School as follows:

	<u>2015</u>	<u>2014</u>
Governmental activities:		
Maintenance of plant	\$ <u>428,215</u>	\$ <u>330,857</u>

Note 4 - Commitments and Contingencies

Lease Agreement with DP Real Estate Holdings, LLC

The Organization entered into a lease agreement for the School premises with D.P. Real Estate Holdings, LLC ("DP"). The School is responsible for the leasehold improvements, repairs and maintenance, and the insurance of the properties. The lease term is for a period of ten years, expiring in 2019, and includes a provision for escalating annual rentals based on a rate of 4% per year. The School's rent expense for the years ended June 30, 2015 and 2014 were \$908,544 and \$908,544, respectively. The provision to escalate the annual rent to 4% was not enforceable during the current year. (See Note 5 - Related Party Transactions).

The Organization also entered into a lease agreement for a portion of the premises located at 103 E Lucy Street, Florida City, 33034 with D.P. Real Estate Holdings, LLC ("DP") on February 9, 2015. The lease term is for a period of 5 years, expiring in 2020 with annual rent payment of \$28,000 payable in equal monthly installments due in advance at the beginning of each month.

The Organization entered into a lease agreement for the School premises with RIO Towers, Ltd. (RTLTD). The School is responsible for the leasehold improvements, repairs and maintenance, and the insurance of the properties. The lease term is for a period of five years, expiring in 2019, and includes a provision for escalating annual rentals based on a rate of 3% per year. The rental expenses were allocated between Little Havana Campus Charter School and Lincoln-Marti Community Agency, Inc. The School's rent expense for the years ended June 30, 2015 was approximately \$93,000.

Minimum required future rental payments under this operating lease as of June 30, 2015 are as follows:

2016	\$ 1,061,507
2017	1,101,961
2018	1,144,006
2019	1,187,706
2020	<u>16,800</u>
	<u>\$ 4,511,980</u>

Risk Management

The School is exposed to various risks of loss related torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries property and liability insurance. Settlement amounts do not exceed insurance coverage. In addition, there have been no reductions of insurance coverage during the year.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

Note 4 - Commitments and Contingencies (Cont'd)

Management Services Agreement

The School entered into a five year management agreement with a charter management company Educational Management Associates, LLC, f/k/a Lincoln-Marti Management Services, LLC (LMMS) to provide management and administrative services to the School. The agreement expires on April 24, 2018. On April 25, 2014, the agreement was modified providing for changes in the management fee structures requiring the School to pay, as compensation, a management fee of \$500 per Full Time Equivalent (FTE) per annum. Prior to this date, management fee was based on the full amount of the actual net operating income of the School. Management fee expenses during the fiscal year 2015 and 2014 were approximately \$330,000 and \$370,000, respectively. (See Note 5 Related Party Transactions).

Management Company Information:

Name and Address

List of Principal Officers

Educational Management Associates, LLC
2700 SW 8th Street
Miami, FL 33315

Demetrio Perez

Note 5 - Related Party Transactions

Related party transactions occurred during the year with the following entities.

School Board

Pursuant to the Charter School Agreement with the School Board, the School Board is paid an administrative fee of up to five percent (5%) of the qualifying revenues of the School. In fiscal year 2014, the School met all criteria defined in Florida Statutes as a "High Performing Charter School" and, as an incentive; the administrative fee was reduced from 5% to 2%. During the years ended June 30, 2015 and 2014, approximately \$33,000 and \$43,000 were paid to the School Board for administrative fees. Pursuant to the Charter School Agreement with the School Board, the School receives from the School Board an FTE for each full-time equivalent student enrolled. There were 758 full time students enrolled during the fiscal year ended June 30, 2015. The School also receives other allowances based upon students enrolled.

Lincoln-Marti Charter Schools, Inc. (Hialeah Campus Charter School)

During the year ended June 30, 2015, the School advanced funds of approximately \$630,000 to Lincoln-Marti Charter Schools, Inc. (Hialeah Campus Charter School) to provide cash flows for the operations of the Campus. The advances are noninterest bearing and due on demand. The amount due from Hialeah Campus as of June 30, 2015 and 2014 was approximately \$120,000 and \$180,000.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

Note 5 - Related Party Transactions (Cont'd)

Lincoln-Marti Charter Schools, Inc. (International Campus Charter School)

During the year ended June 30, 2015, the School advanced funds of approximately \$272,000 to Lincoln Marti Charter Schools, Inc. (International Campus) to provide cash flows for the operations of the International Campus. The advances are noninterest bearing and due on demand. The amount due from the International Campus as of June 30, 2015 was approximately \$25,000.

DP Real Estate Holdings, LLC.

During the fiscal years ended June 30, 2015 and 2014, lease expenses for the rental of the school property between DP and the School were approximately \$920,544 and \$908,544, respectively. (See Note 4 - Commitment and Contingencies).

During the year ended June 30, 2015, DP Real Estate Holdings, LLC contributed approximately \$151,000 to the School. As of June 30, 2015, the amount owed to the School was approximately \$151,000.

RIO Towers, Ltd.

During the fiscal year ended June 30, 2015 lease expenses for the rental of the school property between RIO and the School were approximately \$93,000. (See Note 4 - Commitment and Contingencies).

Lincoln-Marti Schools, Inc. (Charter High School of the Americas)

During the year ended June 30, 2015, Lincoln Marti Charter Schools, Inc. (Charter High School of the Americas) advanced approximately \$325,000 to the School to provide cash flows for the operations of the Campus. The advances are noninterest bearing and due on demand. The amount due to Charter High School of the Americas as of June 30, 2015 was \$100,000.

Educational Management Associates, LLC

During the fiscal years ended June 30, 2015 and 2014, the School incurred expenses under the term of the agreement for approximately \$330,000 and \$370,000. The amount owed by the school as of June 30, 2015 and 2014 was approximately \$32,700 and \$123,375, respectively.

During the year ended June 30, 2015, Educational Management Associates, LLC contributed approximately \$21,000 to the School.

Note 6 - Current Vulnerability Due To Concentration

During fiscal year 2015, the School received most of its support from the Miami-Dade School Board. It is reasonably possible that in the near term these programs could decrease due to budget cuts at the School Board, which could affect the School and its ability to continue operations. The School has considered this possibility and would seek other funding sources to continue its operations if such circumstances were to occur.

SUPPLEMENTARY SCHEDULE

LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
State FTE revenues	\$ 6,576,000	\$ 6,576,000	\$ 5,399,272	\$ (1,176,728)
Local grants and others	-	-	306,744	306,744
Contributions	-	-	783,534	783,534
Total revenues	<u>6,576,000</u>	<u>6,576,000</u>	<u>6,489,550</u>	<u>(86,450)</u>
EXPENDITURES				
Current:				
Administrative team	358,878	358,878	560,973	(202,095)
Instructional staff	2,495,454	2,495,454	2,261,630	233,824
Benefits	413,127	413,127	281,527	131,600
Contract services	705,621	705,621	389,133	316,488
Advertising and promotion	50,076	50,076	209,252	(159,176)
Financial audit	16,050	16,050	13,000	3,050
Instructional materials	166,920	166,920	26,305	140,615
Telecommunications	20,030	20,030	118,774	(98,744)
Transportation	33,384	33,384	124,520	(91,136)
Facilities operations	<u>2,252,560</u>	<u>2,252,560</u>	<u>2,464,358</u>	<u>(211,798)</u>
Total expenditures	<u>6,512,100</u>	<u>6,512,100</u>	<u>6,449,472</u>	<u>62,628</u>
Change in fund balance	63,900	63,900	40,078	(23,822)
Fund balance at beginning of year	<u>676,143</u>	<u>676,143</u>	<u>676,143</u>	<u>-</u>
Fund balance at end of year	<u>\$ 740,043</u>	<u>\$ 740,043</u>	<u>\$ 716,221</u>	<u>\$ (28,822)</u>

See notes to Budgetary Comparison Schedule.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
LITTLE HAVANA CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1 - Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year end. The original budget and any subsequent amendments are approved by the Board of Directors. For the fiscal year ended June 30, 2015, there were no amendments to the original budget.

The general fund actual revenues were \$6,489,550 for the fiscal year ended June 30, 2015. That amount is below the budget due to lower FTE students than expected. The actual expenditures of the general fund were \$6,449,472 for the fiscal year ended June 30, 2015. The budget to actual expenditures had an overall positive variance of \$62,628. The overall positive variance for expenditures was primarily attributable to the positive variance realized for contract service expenditures.

SUPPLEMENTARY AUDITORS' REPORTS

**INDEPENDENT AUDITORS' 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**

To the Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
(Little Havana Campus Charter School)
(A Component Unit of the School Board of Miami-Dade County)

We have audited, in accordance with the 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, the special purpose financial statements of the governmental activities and major fund, of Lincoln-Marti Charter Schools, Inc. (Little Havana Campus Charter School) (the "School") (a component unit of the School Board of Miami-Dade County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's special purpose financial statements, and have issued our report thereon dated August 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the special purpose financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the special purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's special purpose financial statements are free from 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 special purpose 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*.

Purpose of this Report

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

The Shapton Group, P. A.

August 27, 2015

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
(Little Havana Campus Charter School)
(A Component Unit of the School Board of Miami-Dade County)

Report on the Financial Statements

We have audited the special purpose financial statements of the governmental activities and major fund of The Lincoln-Marti Charter Schools, Inc. (Little Havana Campus Charter School) (the "School"), (a component unit of the School Board of Miami-Dade County), as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated August 27, 2015.

Auditors' Responsibility

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.

Other Reporting Required by Government Auditing Standards

We have issued our 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*, which is dated August 27, 2015, and 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 we determined whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations or findings made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Lincoln-Marti Charter Schools, Inc. (Hialeah Campus).

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 our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition (cont'd)

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 we apply appropriate procedures 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.

Purpose of this Letter

Our 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, Miami-Dade County School Board, 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.

The Shapton Group, P. A.

August 27, 2015