

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

FINANCIAL STATEMENTS

JUNE 30, 2016



**LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
Hialeah 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 financial statements of the governmental activities and major fund of Lincoln-Marti Charter Schools, Inc. (Hialeah 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, 2016, 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

The School's 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 the risks of material misstatement of the 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 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 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 opinions, the 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter

As discussed in Note 1, the financial statements of Lincoln-Marti Charter Schools, Inc. (Hialeah Campus Charter School) 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, 2016, the changes in its financial position, or, where applicable, its cash flow for the year ended June 30, 2016, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and budgetary comparison information on 23 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information as of and for the year ended June 30, 2016 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The 2015 financial statements of Lincoln-Marti Charter Schools, Inc. were audited by other auditors.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2016, 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.

Monison, Brown, Aigiz & Tana

Miami, Florida
August 26, 2016

LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

As management of Lincoln-Marti Charter Schools, Inc. (Hialeah Campus Charter School) (the "School"), we offer readers of the School this narrative overview and analysis of the financial activities of the School as of and for the year ended June 30, 2016.

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 audited financial statements, which consists of the financial statements and supplementary information intended to furnish additional detail to support the financial statements themselves.

Financial Highlights

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

The School's current year of operations generated a change in net position of \$48,777 compared to last year's change in net position of \$77,387. Revenues for the year ended June 30, 2016 decreased over prior year by approximately \$103,000 as a result of a decrease in State FTE revenues of approximately \$187,000 offset by an increase in contributions and local grants by approximately \$84,000. State FTE revenues decreased as a result of the decrease in the weighted full time equivalent amount. Expenses during the year ended June 30, 2016 decreased over prior year by approximately \$75,000. In order to operate the School on a balanced budget, certain expenses including instruction and school administration were reduced to contain costs.

The net position of the School at June 30, 2016 was \$692,134, of which \$227,249 was unrestricted. Activity with related parties during the year ended June 30, 2016 resulted in a decrease of approximately \$508,000 as a result of collections of outstanding receivables from prior year. The increase in due to related parties of approximately \$188,000 is a result of short term borrowing.

Using this Annual Report

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

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 10 of the report.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Using this Annual Report (Continued)

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 and is presented as required supplementary information.

The governmental fund financial statements can be found on pages 11 through 13 of this report.

Notes to the Basic 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 basic financial statements can be found on pages 14 through 21 of this report.

Other Information

In addition to the 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 23 and 24 of this report.

Our auditor has provided reasonable assurance in their independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the 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.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Government-wide Financial Analysis

This is the seventh year of operations. The School's net position was \$692,134 at June 30, 2016. Of this amount, \$227,249 is unrestricted and \$464,885 is invested in capital assets.

Our analysis of the 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 changes in net position is presented in Table A-2.

Table A-1
Summary of net position

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Current assets	\$ 752,448	\$ -
Due from other agencies	4,438	780
Due from related parties	25,390	533,328
Prepaid expenses	27,625	67,560
Capital assets, net	<u>464,885</u>	<u>507,518</u>
Total assets	<u>1,274,786</u>	<u>1,109,186</u>
Current liabilities	47,179	118,329
Due to related parties	<u>535,473</u>	<u>347,500</u>
Total liabilities	<u>582,652</u>	<u>465,829</u>
Investment in capital assets	464,885	507,518
Unrestricted	<u>227,249</u>	<u>135,839</u>
Total net position	<u>\$ 692,134</u>	<u>\$ 643,357</u>

LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Government-wide Financial Analysis (Continued)

Net Position (Continued)

Table A-2

Summary of changes in net position

	Years ended June 30,	
	2016	2015
REVENUES:		
State FTE revenues	\$ 2,291,612	\$ 2,478,415
Local grants and other	139,033	111,922
Contributions	939,714	883,150
Total Revenues	3,370,359	3,473,487
EXPENSES:		
Instruction	975,817	1,017,663
Student support services	17,073	11,769
Instruction and curriculum development services	16,345	18,990
Instructional staff training services	36,998	13,050
Instruction related technology	15,000	11,064
School board	17,064	29,325
School administration	541,700	582,121
Fiscal services	269,093	266,657
Food services	216,714	243,208
Central services	97,232	112,993
Student transportation services	43,185	48,880
Operation of plant	879,460	863,975
Maintenance of plant	195,901	176,405
Total Expenses	3,321,582	3,396,100
Change in net position	48,777	77,387
Net position, beginning	643,357	565,970
Net position, ending	\$ 692,134	\$ 643,357

The cost of all governmental activities during the year ended June 30, 2016 and 2015 was \$3,321,582 and \$3,396,100, respectively. The majority of these activities were financed through general revenues of \$3,022,160 and 2,381,241 which consist primarily of FTE funding from the State for the years ended June 30, 2016 and 2015, respectively.

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

LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Financial Analysis of the School's Fund

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

Governmental fund. The focus of the School's governmental fund is to provide information do 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 governments net resources available for spending at the end of the fiscal year.

At the end of the School's seventh fiscal period of operations, fund balance of the general fund was \$227,249. 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 years ended June 30, 2016 and 2015.

Table B-1
Summary of Condensed Balance Sheet

	June 30, 2016	June 30, 2015
Total assets	\$ 809,901	\$ 601,668
Total liabilities	\$ 582,652	\$ 465,829
Total fund balance	227,249	135,839
Total liabilities and fund balance	\$ 809,901	\$ 601,668

Table B-2
Summary of Condensed Statement of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30, 2016	2015
Total revenues	\$ 3,370,359	\$ 3,473,487
Total expenditures	3,278,949	3,407,833
Excess of revenues over expenditures	\$ 91,410	\$ 65,654

Major Governmental Funds Budgeting and Operating Highlights

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 year ended June 30, 2016.

The general fund actual revenues were \$3,370,359 for the year ended June 30, 2016. That amount is above the budget estimate due to contribution revenue.

The actual expenditures of the general fund were \$3,278,949 for the year ended June 30, 2016. This is over the budget estimates primarily due to higher than expected instruction and fiscal services expenditures. See page 23 for budgetary comparison schedule.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Capital Assets

As of June 30, 2016, the School had \$1,219,887 invested in furniture, fixtures, computer equipment, textbooks and leasehold improvements of which \$755,002 has been depreciated, which resulted in a net book value of \$464,885. Total additions for the year ended June 30, 2016 were \$117,552.

Economic Factors and Next Year's Budget

The State of Florida education funding for the Florida Education Finance Program for the fiscal year 2016-2017 minimally increased. Student enrollment is expected to increase. These factors were considered in preparing the School's budget for fiscal year 2016-2017.

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 the Board of Directors of Lincoln-Marti Charter Schools, Inc., 2700 SW 8th Street, Miami, FL 33135.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)

STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS

Cash	\$ 752,448
Due from other agencies	4,438
Due from related parties	25,390
Prepaid expenses	27,625
Capital assets:	
Improvements other than buildings	391,472
Classroom furniture, fixture, equipment and others	828,415
Less accumulated depreciation	<u>(755,002)</u>
TOTAL ASSETS	<u>\$ 1,274,786</u>

LIABILITIES AND NET POSITION

LIABILITIES

Accounts payable	\$ 18,000
Due to related parties	535,473
Wages payable	<u>29,179</u>
TOTAL LIABILITIES	<u>582,652</u>

NET POSITION

Investment in capital assets	464,885
Unrestricted	<u>227,249</u>
TOTAL NET POSITION	<u>692,134</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,274,786</u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

					Net (Expenses)
					Revenues and
					Changes in
					Net Position
					Governmental
					Activities
					Total
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	
Governmental Activities:					
Instruction	\$ (975,817)	\$ -	\$ -	\$ -	\$ (975,817)
Student support services	(17,073)	-	-	-	(17,073)
Instruction and curriculum development services	(16,345)	-	-	-	(16,345)
Instructional staff training services	(36,998)	-	-	-	(36,998)
Instruction related technology	(15,000)	-	-	-	(15,000)
School board	(17,064)	-	-	-	(17,064)
School administration	(541,700)	-	73,710	-	(467,990)
Fiscal services	(269,093)	-	-	-	(269,093)
Food services	(216,714)	-	216,714	-	-
Central services	(97,232)	-	-	-	(97,232)
Student transportation services	(43,185)	-	-	-	(43,185)
Operation of plant	(879,460)	-	-	57,775	(821,685)
Maintenance of plant	(195,901)	-	-	-	(195,901)
Total activities	\$ (3,321,582)	\$ -	\$ 290,424	\$ 57,775	\$ (2,973,383)
General Revenues:					
FTE non-specific revenues					2,291,612
Contributions					723,000
Miscellaneous					7,548
Total general revenues					3,022,160
Change in net position					48,777
Net position, beginning					643,357
Net position, ending					\$ 692,134

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

BALANCE SHEET – GOVERNMENTAL FUND
JUNE 30, 2016

ASSETS

Cash	\$ 752,448
Due from other agencies	4,438
Due from related parties	25,390
Prepaid expenses	<u>27,625</u>
TOTAL ASSETS	<u>\$ 809,901</u>

LIABILITIES AND FUND BALANCE

LIABILITIES	
Accounts payable	\$ 18,000
Due to related parties	535,473
Wages payable	<u>29,179</u>
TOTAL LIABILITIES	<u>\$ 582,652</u>

FUND BALANCE	
Nonspendable	27,625
Unassigned	<u>199,624</u>
TOTAL FUND BALANCE	<u>\$ 227,249</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

464,885

Net position of governmental activities	<u>\$ 692,134</u>
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The accompanying notes are an integral part of these financial statements.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH 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, 2016

REVENUES:

State FTE revenues	\$ 2,291,612
Local grants and other	139,033
Contributions	<u>939,714</u>
Total revenues	<u>3,370,359</u>

EXPENDITURES:

Instruction	975,817
Student support services	17,073
Instruction and curriculum development services	16,345
Instructional staff training services	36,998
Instruction related technology	15,000
School board	17,064
School administration	541,700
Fiscal services	269,093
Food services	216,714
Central Services	97,232
Student transportation services	43,185
Operation of plant	997,012
Maintenance of plant	<u>35,716</u>

Total expenditures	<u>3,278,949</u>
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Change in fund balance	91,410
Fund balance at beginning of year	<u>135,839</u>
Fund balance at end of year	<u>\$ 227,249</u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH 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 BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

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

Net change in fund balances - total governmental fund	\$ 91,410
Expenditures for capital assets	117,552
Less current year depreciation	<u>(160,185)</u>
Change in net position of governmental activities	<u>\$ 48,777</u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. REPORTING ENTITY AND 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 School (Hialeah 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 Address</u>	<u>Grades</u>	<u>Enrollment</u>
Lincoln-Marti Charter Schools (Hialeah Campus Charter School) 3500 W. 8 th Street Miami, FL 33018	K-9	343

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

Financial Statement Presentation

For financial reporting purposes, Hialeah Campus Charter School is a Charter School operated by Lincoln-Marti Charter Schools, Inc.

The financial statements present the government-wide statements, balance sheet and statement of revenues, expenditures and changes in fund balance for Lincoln-Marti Charter Schools, Inc. (Hialeah Campus Charter Schools) only and do not represent a complete presentation of the assets, liabilities, net position, statement of activities and cash flows of Lincoln-Marti Charter Schools, Inc. (a nonprofit organization). Accordingly, the accompanying financial statements are not intended to present the financial position, changes in net position and cash flows of Lincoln-Marti Charter Schools, Inc. as of June 30, 2016 and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of 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) Florida Department of Education ("FDOE") for funding through the Florida Education Finance Program, 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.

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.

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 revenues items are considered to be measurable and available only when cash is received by the School.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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, 2016.

Due From Other Agencies

The due from other agencies in the accompanying statement of net position and balance sheet – governmental funds represents Capital Outlay funds receivable from the School Board. These receivables are considered to be fully collectible and as such, no allowance for uncollectable accounts is recorded.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position (Continued)

Prepaid Expenses

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements. The cost of prepaid expenses 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, equipment, textbooks and others, are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual or collectively 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.

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Fund Balance/Net Position

GASB defines 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.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position (Continued)

Fund Balance/Net Position (Continued)

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.

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 position 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 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.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources

Revenues for current 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") 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.

Income Taxes

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

Subsequent Events

The School has evaluated subsequent events through August 26, 2016 which is the date the financial statements were available to be issued.

2. CASH

The School's cash includes cash on hand and demand deposits. At June 30, 2016, the carrying amount of the School's deposits were \$752,448 while the bank balances of such deposits were \$151,784. The School's deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). At times, bank balances may potentially be in excess of the FDIC coverage. All cash in the bank is held in banking institutions approved by the State of Florida, State Treasurer.

3. CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Improvements other than buildings	\$ 391,472	\$ -	\$ -	\$ 391,472
Classroom furniture, fixtures, equipment and others	<u>710,863</u>	<u>117,552</u>	<u>-</u>	<u>828,415</u>
Total capital assets being depreciated	<u>1,102,335</u>	<u>117,552</u>	<u>-</u>	<u>1,219,887</u>
Less accumulated depreciation for:				
Improvements other than buildings	(204,125)	(37,532)	-	(241,657)
Classroom furniture, fixtures, equipment and others	<u>(390,692)</u>	<u>(122,653)</u>	<u>-</u>	<u>(513,345)</u>
Total accumulated depreciation	<u>(594,817)</u>	<u>(160,185)</u>	<u>-</u>	<u>(755,002)</u>
Total capital assets being depreciated, net	<u>\$ 507,518</u>	<u>\$ (42,633)</u>	<u>\$ -</u>	<u>\$ 464,885</u>

Expenditures for capital assets during the fiscal year ended June 30, 2016 were \$117,552. For the year ended June 30, 2016, depreciation expense was charged to functions/programs of the School as follows:

Maintenance of plant	<u>\$ 160,185</u>
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**LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

4. COMMITMENTS AND CONTINGENCIES

Lease Agreement with D.P. Real Estate Holdings, LLC

The School entered into a lease agreement for the School premises with D.P. Real Estate Holdings, LLC ("DP"), a related party, on October 30, 2015, which effectively terminated the former lease with 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 eleven years, expiring in 2026, and includes a provision for escalating annual rentals based on a rate of 4% per year. (The provision to escalate the annual rent by 4% was not enforceable during the current year.)

The School's rent expense for the year ended June 30, 2016 was approximately \$636,000 which is included in operation of plant on the statement of activities. Minimum required future rental payments under this operating lease as of June 30, 2016 are as follows:

2017	\$ 636,000
2018	662,000
2019	688,000
2020	716,000
2021	745,000
Thereafter	<u>4,631,000</u>
	<u>\$ 8,078,000</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.

Management Services Agreement

The School entered into a five year management agreement with a charter management company, Educational Management Associates, LLC ("EMA") to provide management and administrative services to the School. The agreement expires on April 1, 2018. On April 1, 2013, 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 expense during the fiscal year 2016 was approximately \$186,000, which is included in fiscal services on the statement of activities.

Management Company Information:

Name and Address

Educational Management Associates, LLC
2700 SW 8th Street
Miami, FL 33135

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

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. During the year ended June 30, 2016, approximately \$83,000 was paid to the School Board for administrative fees, which is included in school board on the statement of activities. 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 343 full time students enrolled during the year ended June 30, 2016. The School also receives other allowances based upon students enrolled.

D.P. Real Estate Holdings, LLC

The School is related to DP as a result of the School's business relationship with EMA. Both DP and EMA share the same principal officer. During the year ended June 30, 2016, rent expense for the rental of the school property between D.P. Real Estate Holdings, LLC, and the School was approximately \$636,000 which is included in operations of plant on the statement of activities. At June 30, 2016 the School owes D.P. Real Estate Holdings, LLC approximately \$13,000. D.P. Real Estate Holdings, LLC also contributed \$723,000 to the School during the fiscal year ended June 30, 2016. Contributions were made to the School to support the fiscal year 2016 operating expenses.

Educational Management Associates, LLC

During the year ended June 30, 2016, the School incurred expenses under the terms of the agreement with EMA of approximately \$186,000 as included in fiscal services on the statement of activities. At June 30, 2016, Educational Management Associates, LLC owes the School approximately \$25,000.

U.S. Community Transportation, Inc.

The School is a related party to U.S. Community Transportation, Inc. as a result of the form of the borrowing transactions. During the year ended June 30, 2016, U.S. Community Transportation, Inc. advanced approximately \$100,000 to provide cash flows for the School. These amounts are unsecured non-interest bearing and due on demand. The amount due to U.S. Community Transportation, Inc. at June 30, 2016 was \$100,000. Additionally, the School paid U.S. Community Transportation, Inc. approximately \$43,000 for transportation services during the year ended June 30, 2016.

Lincoln-Marti Community Agency, Inc.

The School is a related party to Lincoln-Marti Community Agency, Inc. as a result of the terms and conditions of the meal program. The School participates in a meal program with a related party, Lincoln-Marti Community Agency, Inc., whom purchases, prepares and delivers the food to the School for the students that are eligible. The School recorded approximately \$217,000 in food services as a contribution and expense during the year ended June 30, 2016. Additionally, the School has a payable of \$100,000 to Lincoln-Marti Community Agency, Inc. at June 30, 2016.

Lincoln-Marti Charter Schools, Inc. (Little Havana Campus)

Lincoln-Marti Charter Schools, Inc. (Little Havana Campus) is a campus within Lincoln-Marti Charter Schools, Inc. During the year ended June 30, 2016, the school received funds of \$195,000 from Lincoln-Marti Charter Schools, Inc. (Little Havana Campus) to provide cash flows for the operations of the Hialeah Campus. The advances are non-interest bearing and due on demand. The amount due to Little Havana Campus as of June 30, 2016 was \$195,000.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
HIALEAH CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

5. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Lincoln-Marti Charter Schools, Inc. (International Campus) is a campus within Lincoln-Marti Charter Schools, Inc. The school received funds of \$127,500,000 from Lincoln-Marti Charter Schools, Inc. (Little Havana Campus Charter) to provide cash flows for the operations of the Hialeah Campus. The advances are non-interest bearing and due on demand. The amount due to International Campus as of June 30, 2016 was \$127,500.

6. CURRENT VULNERABILITY DUE TO CONCENTRATION

During the year ended June 30, 2016, 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 increase or decrease due to budget modifications 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 any decreases were to occur.

REQUIRED SUPPLEMENTARY INFORMATION

**LINCOLN-MARTI CHARTER SCHOLLS, INC.
HIALEAH CAMPUS CHARTER SCHOOLS
(A Component Unit of the School Board of Miami-Dade County)**

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive Negative
	Original	Final	Actual	
REVENUES				
State FTE revenues	\$ 2,414,990	\$ 2,414,990	\$ 2,291,612	\$ (123,378)
Local grants and other	-	-	139,033	139,033
Contributions	233,000	233,000	939,714	706,714
Total revenues	2,647,990	2,647,990	3,370,359	722,369
EXPENDITURES				
Instruction	778,000	778,000	975,817	197,817
Student support services	-	-	17,073	17,073
Instruction and curriculum development services	50,000	50,000	16,345	(33,655)
Instructional staff training services	-	-	36,998	36,998
Instruction related technology	-	-	15,000	15,000
School board	15,000	15,000	17,064	2,064
School administration	500,400	500,400	541,700	41,300
Fiscal services	-	-	269,093	269,093
Food services	185,000	185,000	216,714	31,714
Central services	10,400	10,400	97,232	86,832
Student transportation services	20,000	20,000	43,185	23,185
Operation of plant	903,400	903,400	997,012	93,612
Maintenance of plant	41,000	41,000	35,716	(5,284)
Total expenditures	2,503,200	2,503,200	3,278,949	775,749
Change in fund balance	144,790	144,790	91,410	(53,380)
Fund balances at beginning of year	4,315	4,315	135,839	131,524
Fund balance at end of year	\$ 149,105	\$ 149,105	\$ 227,249	\$ 78,144

See accompanying note to budgetary comparison schedule.

**LINCOLN-MARTI CHARTER SCHOLLS, INC.
HIALEAH CAMPUS CHARTER SCHOOLS
(A Component Unit of the School Board of Miami-Dade County)**

NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2016

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 year-end. The original budget and any subsequent amendments are approved by the Board of Directors. For the year ended June 30, 2016, there were no amendments to the original budget.

The general fund actual revenues were \$3,370,359 for the year ended June 30, 2016. That amount is above the budget estimates due to contribution income of \$723,000. The actual expenditures of the general fund were \$3,278,949 for the year ended June 30, 2016. This is over the budget estimates primarily due to higher than expected instruction and fiscal services expenditures. The excess of expenditures were funded by contribution income.

SUPPLEMENTARY AUDITOR'S 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.
Hialeah Campus Charter School
(A Component Unit of the School Board of Miami-Dade County)

We have audited, 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, the financial statements of the governmental activities and major fund, of Lincoln-Marti Charter Schools, Inc. (Hialeah 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, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 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 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.



Miami, Florida
August 26, 2016

**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.
Hialeah Campus Charter School
(A Component Unit of the School Board of Miami-Dade County)

Report on the Financial Statements

We have audited the financial statements of the governmental activities and major fund of The Lincoln-Marti Charter Schools, Inc. (Hialeah 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, 2016, and have issued our report thereon dated August 26, 2016.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reports and Schedules

We have also 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 26, 2016, 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 Charter School).

Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determinations as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied 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 report the results of determination as to 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.

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

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 findings.

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.

Monison. Brown, Aging & Fama

Miami, Florida
August 26, 2016