

**LINCOLN-MARTI CHARTER SCHOOLS, INC.  
CHARTER HIGH SCHOOL OF THE AMERICAS  
(A Component Unit of the School Board of Miami-Dade County)**

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FINANCIAL STATEMENTS

JUNE 30, 2016



**LINCOLN-MARTI CHARTER SCHOOLS, INC.  
CHARTER HIGH SCHOOL OF THE AMERICAS  
(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.  
Charter High School of the Americas  
(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. (Charter High School of the Americas) (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-Martí Charter Schools, Inc.  
Charter High School of the Americas  
(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-Martí Charter Schools, Inc. (Charter High School of the Americas) 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-Martí 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-Martí 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-Martí 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, Ariz & Fava*

Miami, Florida  
August 26, 2016

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

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

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### **Financial Highlights**

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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 \$164,106 compared to last year's change in net position of \$52,771. Revenues for the year ended June 30, 2016 decreased over prior year by approximately \$45,000 as a result of a decrease in contributions of approximately \$200,000 offset by an increase in State FTE revenues and local grants of \$155,000. Contribution revenue decreased as a result of the School operating on a more balanced budget and not requiring general support. State FTE revenues and local grants increased as a result of the growth in the weighted full time equivalent amount and allocation rate. Expenses during the year ended June 30, 2016 decreased over prior year by approximately \$157,000. In order to operate the School on a balanced budget, certain expenses including instruction, school administration and operation of plant were reduced to contain costs.

The net position of the School at June 30, 2016 was \$429,904, which \$372,118 was unrestricted.

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### **Using this Annual Report**

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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.**  
**CHARTER HIGH SCHOOL OF THE AMERICAS**  
**(A Component Unit of the School Board of Miami-Dade County)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016

**Using this Annual Report (Continued)**

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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.

Government 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 and is presented as required supplementary information.

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 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.**  
**CHARTER HIGH SCHOOL OF THE AMERICAS**  
**(A Component Unit of the School Board of Miami-Dade County)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016

**Government-wide Financial Analysis**

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This is the School's fourth year of operations. The School's net position was \$429,904 at June 30, 2016. Of this amount, \$372,118 is unrestricted and \$57,786 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	\$ 453,010	\$ 132,292
Due from related parties	2,401	188,881
Deposits	-	16,000
Capital assets, net	<u>57,786</u>	<u>52,342</u>
Total assets	<u>513,197</u>	<u>389,515</u>
Accounts payable and accrued expenses	30,918	32,217
Due to related parties	<u>52,375</u>	<u>91,500</u>
Total liabilities	<u>83,293</u>	<u>123,717</u>
Investment in capital assets	57,786	52,342
Unrestricted	<u>372,118</u>	<u>213,456</u>
Total net position	<u>\$ 429,904</u>	<u>\$ 265,798</u>

**LINCOLN-MARTI CHARTER SCHOOLS, INC.**  
**CHARTER HIGH SCHOOL OF THE AMERICAS**  
**(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
State FTE revenues	\$ 727,871	\$ 607,523
Local grants and other	59,124	24,615
Contributions	90,772	290,968
Total Revenues	877,767	923,106
<b>EXPENSES</b>		
Instruction	48,865	180,114
Student support services	2,008	4,311
Instruction and curriculum development services	644	4,598
Instructional staff training services	6,854	9,000
Instruction related technology	15,224	11,064
School board	55,840	59,291
School administration	42,249	74,588
Fiscal services	41,268	48,295
Food services	90,772	74,087
Central services	85,989	102,461
Student transportation services	55,904	13,442
Operation of plant	258,218	282,554
Maintenance of plant	9,826	6,530
Total Expenses	713,661	870,335
Change in net position	164,106	52,771
Net position, beginning	265,798	213,027
Net position, ending	\$ 429,904	\$ 265,798

As noted above, the cost of all governmental activities during the years ended June 30, 2016 and 2015 was \$713,661 and \$870,335, respectively. The majority of these activities were financed through general revenues of \$717,427 and \$573,731, 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.**  
**CHARTER HIGH SCHOOL OF THE AMERICAS**  
**(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**

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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 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.

At the end of the School's fourth fiscal period of operations, fund balance of the general fund was \$372,118. 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**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Total assets	\$ 455,411	\$ 337,173
Total liabilities	\$ 83,293	\$ 123,717
Total fund balance	<u>372,118</u>	<u>213,456</u>
Total liabilities and fund balance	<u>\$ 455,411</u>	<u>\$ 337,173</u>

**Table B-2**  
**Summary of condensed statement of revenues, expenditures and changes in fund balance**

	<u>Years ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Total revenues	\$ 877,767	\$ 923,106
Total expenditures	<u>719,105</u>	<u>908,593</u>
Change in fund balance	<u>\$ 158,662</u>	<u>\$ 14,513</u>

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

**Major Governmental Funds Budgeting and Operating Highlights**

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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, 2016.

The general fund actual revenues were \$877,767 for the year ended June 30, 2016. This is above the budget estimates primarily due to local grants and others and contribution revenue than expected.

The actual expenditures of the general fund were \$719,105 for the fiscal year ended June 30, 2016. This is below the budget estimates primarily due to lower than anticipated instructional staff salaries and maintenance of plant. See page 23 for detail of budget versus actual variance.

**Capital Assets**

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At June 30, 2016, the School had \$71,923 invested in leasehold improvements and classroom furniture, fixtures, equipment and other, of which \$14,137 has been depreciated, which resulted in a net book value of \$57,786. Total additions for the year ended June 30, 2016 were \$15,270.

**Economic Factors and Next Year's Budget**

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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 due to the success of the Lincoln-Marti Charter Schools on the 2016 Florida Standard Assessment. These factors were considered in preparing the School's budget for fiscal year 2016-2017.

**Requests for Information**

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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.**  
**CHARTER HIGH SCHOOL OF THE AMERICAS**  
**(A Component Unit of the School Board of Miami-Dade County)**

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STATEMENT OF NET POSITION  
JUNE 30, 2016

**ASSETS**

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Cash	\$	354,977
Due from other agencies		2,515
Prepaid expenses		95,518
Due from related parties		2,401
Capital assets:		
Improvements other than buildings		30,153
Classroom furniture, fixtures, equipment and other		41,770
Less accumulated depreciation		<u>(14,137)</u>
TOTAL ASSETS	\$	<u>513,197</u>

**LIABILITIES AND NET POSITION**

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LIABILITIES

Accounts payable and accrued expenses	\$	28,155
Due to related parties		52,375
Wages payable		<u>2,763</u>
TOTAL LIABILITIES		<u>83,293</u>

NET POSITION

Investment in capital assets		57,786
Unrestricted		<u>372,118</u>
TOTAL NET POSITION		<u>429,904</u>
TOTAL LIABILITIES AND NET POSITION	\$	<u>513,197</u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.  
 CHARTER HIGH SCHOOL OF THE AMERICAS  
 (A Component Unit of the School Board of Miami-Dade County)**

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants	Revenues and Changes in Net Position Governmental Activities Total
<b>Governmental Activities:</b>					
Instruction	\$ (48,865)	\$ -	\$ -	\$ -	\$ (48,865)
Student support services	(2,008)	-	-	-	(2,008)
Instruction and curriculum development services	(644)	-	-	-	(644)
Instructional staff training services	(6,854)	-	-	-	(6,854)
Instruction related technology	(15,224)	-	-	-	(15,224)
School board	(55,840)	-	-	-	(55,840)
School administration	(42,249)	-	21,762	-	(20,487)
Fiscal services	(41,268)	-	-	-	(41,268)
Food services	(90,772)	-	90,772	-	-
Central services	(85,989)	-	-	-	(85,989)
Student transportation services	(55,904)	-	-	-	(55,904)
Operation of plant	(258,218)	-	-	37,362	(220,856)
Maintenance of plant	(9,826)	-	-	-	(9,826)
Total activities	\$ (713,661)	\$ -	\$ 112,534	\$ 37,362	\$ (563,765)
<b>General Revenues:</b>					
FTE non-specific revenues					727,871
Total general revenues					727,871
Change in net position					164,106
Net position, beginning					265,798
Net position, ending					<b>\$ 429,904</b>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.  
 CHARTER HIGH SCHOOL OF THE AMERICAS  
 (A Component Unit of the School Board of Miami-Dade County)**

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BALANCE SHEET - GOVERNMENTAL FUND  
 JUNE 30, 2016

**ASSETS**

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Cash	\$	354,977
Due from other agencies		2,515
Prepaid expenses		95,518
Due from related parties		2,401
TOTAL ASSETS	<b>\$</b>	<b>455,411</b>

**LIABILITIES AND FUND BALANCE**

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<b>LIABILITIES</b>		
Accounts payable	\$	28,155
Due to related parties		52,375
Wages payable		2,763
TOTAL LIABILITIES	<b>\$</b>	<b>83,293</b>

<b>FUND BALANCE</b>		
Nonspendable		95,518
Unassigned		276,600
TOTAL FUND BALANCE	<b>\$</b>	<b>372,118</b>

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		57,786
Net position of governmental activities	<b>\$</b>	<b>429,904</b>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.**  
**CHARTER HIGH SCHOOL OF THE AMERICAS**  
**(A Component Unit of the School Board of Miami-Dade County)**

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

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**REVENUES:**

State FTE revenues	\$ 727,871
Local grants and other	59,124
Contributions	<u>90,772</u>
Total revenues	<u>877,767</u>

**EXPENDITURES:**

Instruction	48,865
Student support services	2,008
Instruction and curriculum development services	644
Instructional staff training services	6,854
Instruction related technology	15,224
School board	55,840
School administration	42,249
Fiscal services	41,268
Food services	90,772
Central services	85,989
Student transportation services	55,904
Operation of plant	<u>273,488</u>
Total expenditures	<u>719,105</u>

Change in fund balance	158,662
Fund balance at beginning of year	<u>213,456</u>
Fund balance at end of year	<u><b>\$ 372,118</b></u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.  
CHARTER HIGH SCHOOL OF THE AMERICAS  
(A Component Unit of the School Board of Miami-Dade County)**

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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

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

Net change in fund balances - total governmental fund	\$ 158,662
Expenditures for capital assets	15,270
Less current year depreciation	<u>(9,826)</u>
Change in net position of governmental activities	<u><b>\$ 164,106</b></u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.  
CHARTER HIGH SCHOOL OF THE AMERICAS  
(A Component Unit of the School Board of Miami-Dade County)**

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**Reporting Entity**

On January 18, 2012, 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 (Charter High School of the Americas) (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 18, 2012 and is effective as of July 19, 2012 (inception) until June 30, 2017. 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 (Charter High School of the Americas) 970-984 West Flagler Street Miami, FL 33010	9 - 12	112

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, Charter High School of the Americas 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. (Charter High School of the Americas) 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.

**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.



**LINCOLN-MARTI CHARTER SCHOOLS, INC.  
CHARTER HIGH SCHOOL OF THE AMERICAS  
(A Component Unit of the School Board of Miami-Dade County)**

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

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

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**Government-Wide and Fund Financial Statements (Continued)**

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") 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 fund represents capital outlay funds receivables 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.**  
**CHARTER HIGH SCHOOL OF THE AMERICAS**  
**(A Component Unit of the School Board of Miami-Dade County)**

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**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, fixtures, textbooks, equipment and others, are reported 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.

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

	<u>Years</u>
Improvements other than buildings	10
Classroom furniture, fixtures, textbooks, 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.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.**  
**CHARTER HIGH SCHOOL OF THE AMERICAS**  
**(A Component Unit of the School Board of Miami-Dade County)**

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

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

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**Assets, Liabilities and Net Position (Continued)**

Fund Balance/Net Position (Continued)

*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.

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

*Investment in Capital Assets (net of related debt)* - is intended to reflect the portion of net position which is 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.  
 CHARTER HIGH SCHOOL OF THE AMERICAS  
 (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") 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.

**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 \$354,977, while the bank balances of such deposits were \$410,946. 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	\$ 30,153	\$ -	\$ -	\$ 30,153
Classroom furniture, fixtures, equipment and others	<u>26,500</u>	<u>15,270</u>	<u>-</u>	<u>41,770</u>
Total capital assets being depreciated	<u>56,653</u>	<u>15,270</u>	<u>-</u>	<u>71,923</u>
Less accumulated depreciation for:				
Improvements other than buildings	(2,369)	(3,015)	-	(5,384)
Classroom furniture, fixtures, equipment and others	<u>(1,942)</u>	<u>(6,811)</u>	<u>-</u>	<u>(8,753)</u>
Total accumulated depreciation	<u>(4,311)</u>	<u>(9,826)</u>	<u>-</u>	<u>(14,137)</u>
Total capital assets being depreciated, net	<u>\$ 52,342</u>	<u>\$ 5,444</u>	<u>\$ -</u>	<u>\$ 57,786</u>

**LINCOLN-MARTI CHARTER SCHOOLS, INC.  
 CHARTER HIGH SCHOOL OF THE AMERICAS  
 (A Component Unit of the School Board of Miami-Dade County)**

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NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2016

**3. CAPITAL ASSETS (CONTINUED)**

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Expenditures for capital assets during the fiscal year ended June 30, 2016 were \$15,270. For the year ended June 30, 2016, depreciation expense was charged to functions/programs of the School as follows:

Maintenance of plant	\$ 9,826
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**4. COMMITMENTS AND CONTINGENCIES**

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**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% will be negotiated yearly.

The School entered into another lease agreement for the School premises with DP on February 9, 2015. 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 2020. The School's rent expense for the year ended June 30, 2016 was approximately \$167,000, 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		\$	157,000
2018			162,000
2019			167,000
2020			164,000
2021			150,000
Thereafter			935,000
			\$ 1,735,000

**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 24, 2018. On April 25, 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 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 \$61,000, which is included in fiscal services on the statement of activities.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.  
CHARTER HIGH SCHOOL OF THE AMERICAS  
(A Component Unit of the School Board of Miami-Dade County)**

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

**4. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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**Management Services Agreement (Continued)**

Management Company Information:

Name and Address

Educational Management Associates, LLC  
2700 SW 8<sup>th</sup> Street  
Miami, FL 33135

**5. RELATED PARTY TRANSACTIONS**

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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 \$36,000 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 112 full time students enrolled during the fiscal 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, lease expense for the rental of the school property between DP and the School was approximately \$167,000 as included in operation of plant on the statement of activities.

**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 \$61,000 as included in fiscal services on the statement of activities.

**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 \$80,000 to provide cash flows for the School. These amounts are unsecured non-interest bearing and due on demand. The amount owed by the School at June 30, 2016 was \$52,375. Additionally, the School paid U.S. Community Transportation, Inc. approximately \$56,000 for transportation services during the year ended June 30, 2016 as included in student transportation services on the statement of activities.

**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. The School recorded approximately \$91,000 in food services as a contribution and expense during the year ended June 30, 2016. Additionally, the School has a receivable from Lincoln-Marti Community Agency, Inc. of \$2,401 at June 30, 2016.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.  
CHARTER HIGH SCHOOL OF THE AMERICAS  
(A Component Unit of the School Board of Miami-Dade County)**

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016

**6. CURRENT VULNERABILITY DUE TO CONCENTRATION**

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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 SCHOOLS, INC.  
 CHARTER HIGH SCHOOL OF THE AMERICAS  
 (A Component Unit of the School Board of Miami-Dade County)**

BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
State FTE revenues	\$ 803,250	\$ 803,250	\$ 727,871	\$ (75,379)
Local grants and others	-	-	59,124	59,124
Contributions	40,162	40,162	90,772	50,610
Total Revenues	<u>843,412</u>	<u>843,412</u>	<u>877,767</u>	<u>34,355</u>
<b>EXPENDITURES</b>				
Instruction	205,000	205,000	48,865	(156,135)
Student support services	-	-	2,008	2,008
Instruction and curriculum development services	20,000	20,000	644	(19,356)
Instructional staff training services	-	-	6,854	6,854
Instruction related technology	-	-	15,224	15,224
School board	10,000	10,000	55,840	45,840
School administration	92,500	92,500	42,249	(50,251)
Fiscal services	10,000	10,000	41,268	31,268
Food services	63,903	63,903	90,772	26,869
Central services	50,000	50,000	85,989	35,989
Student transportation services	5,000	5,000	55,904	50,904
Operation of plant	197,000	197,000	273,488	76,488
Maintenance of plant	150,000	150,000	-	(150,000)
Total Expenditures	<u>803,403</u>	<u>803,403</u>	<u>719,105</u>	<u>(84,298)</u>
Change in fund balance	40,009	40,009	158,662	118,653
Fund balances at beginning of year	290,493	290,493	213,456	(77,037)
Fund balance at end of year	<u>\$ 330,502</u>	<u>\$ 330,502</u>	<u>\$ 372,118</u>	<u>\$ 41,616</u>

See accompanying note to budgetary comparison schedule.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.  
CHARTER HIGH SCHOOL OF THE AMERICAS  
(A Component Unit of the School Board of Miami-Dade County)**

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

**1. BUDGETS AND BUDGETARY ACCOUNTING**

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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 year ended June 30, 2016, there were no amendments to the original budget.

The general fund actual revenues were \$877,767 for the year ended June 30, 2016. This is above the budget estimates primarily due to local grants and others and contributions. The actual expenditures of the general fund were \$719,105 for the year ended June 30, 2016. This is below the budget estimates primarily due to lower than anticipated instructional staff salaries and maintenance of plant.

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**

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To the Board of Directors and Officers of  
Lincoln-Marti Charter Schools, Inc.  
Charter High School of the Americas  
(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. (Charter High School of the Americas) (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**

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

### **Report on the Financial Statements**

We have audited the financial statements of Lincoln-Marti Charter Schools, Inc. (Charter High School of the Americas) (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 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. (Charter High School of the Americas).

### **Financial Condition**

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination 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 our 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.  
Charter High School of the Americas  
(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, Aziz & Fana*

Miami, Florida  
August 26, 2016