

**CORAL REEF MONTESSORI ACADEMY  
CHARTER SCHOOL**  
(A COMPONENT UNIT OF THE SCHOOL  
BOARD OF MIAMI-DADE COUNTY,  
FLORIDA)

BASIC FINANCIAL STATEMENTS,  
INDEPENDENT AUDITORS' REPORT AND  
SUPPLEMENTAL INFORMATION

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**BASIC FINANCIAL STATEMENTS, INDEPENDENT AUDITORS' REPORT AND SUPPLEMENTAL**  
**INFORMATION**

JUNE 30, 2016

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**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
BASIC FINANCIAL STATEMENTS, INDEPENDENT AUDITORS' REPORT AND  
SUPPLEMENTAL INFORMATION**

JUNE 30, 2016

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**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
(A Charter School Under Coral Reef Montessori Academy Charter School, Inc.)

10853 S.W. 216<sup>th</sup> Street  
Miami, Florida 33170  
(305) 255-0064

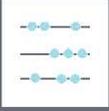
**2015-2016**

**BOARD OF DIRECTORS**

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Mr. Nestor Torres  
Mr. Ricardo Alvarez  
Mr. Samuel C. Jackson

**SCHOOL ADMINISTRATION**

Ms. Lucy Canzoneri-Golden, Co-Director  
Ms. Juliet King, Co-Director



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Coral Reef Montessori Academy Charter School  
Miami, Florida

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Coral Reef Montessori Academy Charter School (the “School”), a charter school under Coral Reef Montessori Academy Charter School, Inc., and component unit of the District School Board of Miami-Dade County, Florida, 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***

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 opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each 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.

### ***Effect of Adopting New Accounting Standard***

As discussed in Note 13, the Governmental Accounting Standards Board recently issued revised accounting standards for defined benefit pension and other postretirement plans. The School is an employer participating in the Florida Retirement System (FRS) Pension Plan and Health Insurance Subsidy (HIS) Program and are required to report to the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through the statement of activities for fiscal periods beginning on or after June 15, 2014. The implementation is reflected in the fiscal year ending June 30, 2016 and the School was required to restate \$1,055,945 to the previously reported July 1, 2015 Statement of Activities on page 13. Our opinion is not modified with respect to that 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 5 through 11, the FRS and HIS Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 35 and 36 and the budgetary comparison information on pages 32 through 34 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 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and are fairly stated, in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 31, 2016

**Management's Discussion and Analysis**  
Coral Reef Montessori Academy Charter School  
June 30, 2016

The corporate officers of Coral Reef Montessori Academy Charter School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2016.

**Financial Highlights**

1. The assets of the School exceeded its liabilities at June 30, 2016 by \$183,848 (net position).
2. At year-end, the School had current assets on hand of \$831,789.
3. The net position of the School increased by \$16,742 during the year after a pension liability adjustment of \$68,031.
4. The unassigned fund balance increased by \$23,204 for the year ended June 30, 2016 to a total of \$624,171.

***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2016 are presented in accordance with GASB Codification Section 2200. The financial statements have 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 basic 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 of the School's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The difference is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 12 – 13 of this report.

***Fund Financial Statements***

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for its general, special revenue and capital projects fund. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 14 - 18 of this report.

The agency fund statement provides information about the financial relationship in which the School acts solely as an agent for the benefit of others. The School is fiduciary for assets that belong to others, such as the student activity funds. The School is responsible for ensuring that the assets reported in these activity funds are used only for the intended purposes and by those for whom the assets are contributed. The School excludes these activities from the Statement of Net Position because it cannot use these funds to finance its operations. The agency fund statement can be found on page 18 of this report.

#### *Notes to Financial Statements*

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 19 - 31 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2016 and 2015 follows:

<b>Assets and Deferred Outflows of Resources</b>	<u>2016</u>	<u>2015</u>
Cash	\$ 728,364	\$ 742,602
Due from governmental agencies & internal fund	103,425	68,931
Loan costs, net	23,479	28,458
Capital assets, net	<u>3,837,649</u>	<u>3,875,926</u>
Total Assets	4,692,917	4,715,917
Deferred outflows of resources	<u>384,499</u>	<u>110,870</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,077,416</u>	<u>\$ 4,826,787</u>
 <b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
Accounts and wages payable	\$ 207,618	\$ 210,566
Note payable	3,177,475	3,282,300
Net pension liability	<u>1,162,807</u>	<u>856,982</u>
Total Liabilities	4,547,900	4,349,848
Deferred inflows of resources	345,668	309,833
Net investment in capital assets	683,653	622,084
Deficit in accounting for net position liability/Deferred Outflows and Inflows of Resources	(1,123,976)	(1,055,945)
Unrestricted	<u>624,171</u>	<u>600,967</u>
Total Net Position	<u>183,848</u>	<u>167,106</u>
 Total Liabilities/Deferred Inflows of Resources and Net Position	 <u>\$ 5,077,416</u>	 <u>\$ 4,826,787</u>

At June 30, 2016, the School's total assets and deferred outflows of resources were \$5,077,416 and total liabilities and deferred inflows of resources were \$4,893,568. At the end of the fiscal year, the School is able to report a continued positive balance of \$183,848 in the categories of net position with a net increase of \$16,742 for the year ended June 30, 2016.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2016 and 2015 were as follows:

REVENUES	<u>2016</u>	<u>2015</u>
Program Revenues		
Federal sources	\$ 26,270	\$ 33,081
Capital outlay funding	144,372	156,558
Charges for services	45,515	44,627
General Revenues		
State and local sources	2,953,371	2,888,573
Miscellaneous revenue	27,810	17,799
Interest earnings	724	679
Total Revenues	<u>\$ 3,198,062</u>	<u>\$ 3,141,317</u>
EXPENSES		
Instructional services	\$ 1,911,550	\$ 1,856,060
Pupil personnel services	36,004	30,839
Instructional staff training services	16,575	13,042
Board	16,747	17,762
General administration	34,074	56,335
School administration	389,381	418,999
Facilities acquisition & construction	23,709	2,697
Fiscal services	29,497	19,966
Food services	50,538	49,566
Operation of plant	137,496	141,111
Maintenance of plant	86,826	98,840
Administrative technology services	38,324	31,038
Community services	36,289	13,736
Interest expense	189,163	233,928
Unallocated depreciation	117,116	123,274
Total Expenses	<u>3,113,289</u>	<u>3,107,193</u>
Pension liability adjustment expense	<u>(68,031)</u>	<u>-</u>
Change in Net Position	16,742	34,124
Net Position	167,106	1,188,927
Restatement	<u>-</u>	<u>(1,055,945)</u>
Net Position at Beginning of Year	<u>167,106</u>	<u>132,982</u>
Net Position at End of Year	<u>\$ 183,848</u>	<u>\$ 167,106</u>

The School's net position increased by \$16,742 for the year ended June 30, 2016 mainly due because of the School's implementation of GASB 68, requiring the recording of the School's net pension liability regarding the FRS and HIS Pension and Insurance Programs.

### **Achievement**

2015 – 2016 was a year of change, uncertainty and confusion within the school districts throughout the state of Florida. For the first time schools transitioned from the FCAT in Reading, Writing and Math in grades 3 – 12 to the Florida State Assessments in English Language Arts and Math. Consequently Coral Reef Montessori Academy (CRMA) was informed December 2015 that the school received an “A” for the 2014-2015 school year. Unfortunately for the 2015-2016 school year it missed a “B” by two points.

After several data analysis meetings over the summer with the administrative staff, we realized that we did not enroll certain 8<sup>th</sup> grade students who qualified to take Algebra I into the accelerated class. This oversight cost the school 22 points which would have designated it as a “B”. We now have increased our Algebra students by twelve and have also included sixth graders who qualify for the class. In addition, four students are enrolled in Geometry. Furthermore, a strategic plan has been initiated to address the deficits in science. A professional development workshop will be provided to support differentiated instruction at all grade levels in science. In addition, the school has been accepted into the district's STEM program and will be receiving many more resources for the 2016-2017 school year. Even though the overall scores in reading and math went down slightly, they did improve in writing as evidenced by the third, seventh and eighth grade scores. Finally, the Civics scores were high, with 83% of students scoring level 3 and above and in Algebra I 92% of the students scored levels 3-5.

For the 2015-2016 school year, following are some additional highlights of the progress made in the standardized test scores:

- In 2015 76% of 7<sup>th</sup> graders passed the Civics EOC as compared to 2016 where 83% passed with an increase of 7% points.
- The SAT 2016 assessment found that 2<sup>nd</sup> grade students improved in reading 5% above the previous school year in 2015.
- Students in the Thespian Honors Society all received excellent and/or superior in State Competitions.

The School's continued success and greatest achievement was having completed the Accreditation Progress Report (APR) established by the Advanced Accreditation Commission and Board of Trustees, and hereby accredited by the Southern Association of Colleges and Schools Council on Accreditation and School Improvement. The APR was based on 3 recommendations given to the School to complete after the first year of accreditation status through 2017. CRMA successfully complied with all the required actions. As a Full Member School with American Montessori Association, this year, CRMA will embark on a dual accreditation with both SACS and AMS. CRMA also holds membership with the International Montessori Council and South Florida Charter Schools Consortium.

CRMA's students and staff, ever mindful of their humanitarian obligations, received recognition from a number of community based organizations for their support. Once again, the school participated in The Fairchild Challenge along with over 200 schools and completed the challenge successfully; one of 40 schools in the entire district to do so. We created organic gardens in the Kindergarten through 6<sup>th</sup> grade, participated in school wide recycling, and the Mangrove Reclamation Project. The school's chess club continues to be nationally ranked.

The Peace Committee, a group of students who represent CRMA at the United Nations each year learned and discussed world issues participated in Global Citizens Action Project GCAP. They chose to support one project, "Save the Rain".

CRMA also participated in raising money for St. Jude's Children Hospital, the American Cancer Society and American Lung Cancer. Locally, the school continued to support: Dade County Chapter of the Links Foundation, Pearls of Hope Foundation, and food drives such as St. Andrews Church, the Camillus House and Community Partnership for the Homeless, and donated to Community Blood Center of South Florida, Lilly's Light, which funds lung cancer research, Wynn Farm Ecology Research in Haiti and Children of Haiti Educational Fund (COHEF). The physical education teacher conducted the "Jump for Heart" fundraiser with all students in grades 1<sup>st</sup> – 6<sup>th</sup>.

The students in 4<sup>th</sup> – 6<sup>th</sup> went to St. Augustine to study Florida History and the Middle School students went to an environmental Nature classroom lab for one week in New Hampshire. CRMA continues to foster an ongoing relationship with the Miami-Dade Department of Cultural Affairs and has participated in many field trips with Miami's Cultural Educational Institutes.

### **School Location**

The School operates in the Miami area from its facility located at 10853 S.W. 216 Street, Miami, FL 33170.

### **Capital Improvement Requirement**

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

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

### **Governmental Funds**

The focus of the School's *governmental funds* 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 fiscal year, the School's governmental funds reported combined ending fund balances of \$624,171, an increase of \$23,204 in comparison with the prior year.

### **Capital Assets and Loan Costs**

The School's investment in capital assets and loan costs as of June 30, 2016 amounts to \$3,837,649 and \$23,479 (net of accumulated depreciation and amortization) respectively. The investment in capital assets includes land, improvements other than buildings, school building, furniture, fixtures and computer equipment. During the year ended June 30, 2016, the School purchased \$78,839 of fixed assets.

## Note Payable

In February 2015, the School modified its existing loan originally obtained in January 2008 in the amount of \$3,325,000. The note is collateralized by the School's building and land and is guaranteed by the School's co-directors and matures in February 2022. The note payable bears interest of 4.50%. The balance at June 30, 2016 was \$3,177,475. For the year ended June 30, 2016, the School made principal repayments of \$104,825.

## General Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the School's funds to demonstrate compliance with the School's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 2,928,100	\$ 2,928,100	\$ 2,953,371
Federal school lunch and contributions	62,900	62,900	26,270
State capital outlay funding	144,900	144,900	144,372
Charges for services	186,300	186,300	45,515
Miscellaneous and interest income	70,000	70,000	28,534
<b>TOTAL REVENUES</b>	<b>\$ 3,392,200</b>	<b>\$ 3,392,200</b>	<b>\$ 3,198,062</b>
<b>EXPENDITURES</b>			
Instructional services	\$ 1,852,300	\$ 1,852,300	\$ 1,911,550
Pupil personnel services	35,400	35,400	36,004
Instructional staff training services	15,400	15,400	16,575
Board	17,000	17,000	16,747
General administration	58,400	58,400	34,074
School administration	332,400	332,400	389,381
Facilities acquisition, construction and other capital outlay	20,000	20,000	102,548
Fiscal services	20,100	20,100	29,497
Food services	66,700	66,700	50,538
Community services	166,800	166,800	36,289
Administrative technology services	35,000	35,000	38,324
Operation of plant	141,400	141,400	137,496
Maintenance of plant	109,800	109,800	86,826
Debt services	350,000	350,000	289,009
<b>TOTAL EXPENDITURES</b>	<b>3,220,700</b>	<b>3,220,700</b>	<b>3,174,858</b>
Excess of revenues over expenditures	171,500	171,500	23,204
Other financing sources (uses)	-	-	-
Net change in fund balance	<u>\$ 171,500</u>	<u>\$ 171,500</u>	<u>\$ 23,204</u>

## Requests for Information

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Juliet King and Lucy Golden, Co-Directors, located at 10853 SW 216 Street, Miami, Florida 33170.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 728,364
Accounts receivable	84,750
Due from internal fund	18,675
Total current assets	<u>831,789</u>

**CAPITAL ASSETS**

Land	980,909
Building and improvements	3,736,557
Less accumulated depreciation	(976,376)
Improvements other than buildings	90,000
Less accumulated depreciation	(13,852)
Furniture, fixtures and computer equipment	262,939
Less accumulated depreciation	(242,528)
Total capital assets	<u>3,837,649</u>

Loan costs, net	23,479
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources FRS/HIS	384,499
Total deferred outflows of resources	<u>384,499</u>

<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><u>\$ 5,077,416</u></u>
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**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ 9,594
Wages and other payable	198,024
Note payable - current portion	111,844
Total current liabilities	<u>319,462</u>

Note payable - long term portion	3,065,631
Net pension liability	1,162,807

<b>TOTAL LIABILITIES</b>	<u>4,547,900</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources FRS/HIS	345,668
Total deferred inflows of resources	<u>345,668</u>

**NET POSITION**

Net investment in capital assets	683,653
Deficit in accounting for Net Pension Liability/Deferred Outflows and Inflows of Resources	(1,123,976)
Unrestricted	624,171
<b>TOTAL NET POSITION</b>	<u>183,848</u>

<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 5,077,416</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Functions</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expense) and Change in Net Position</b>
<b>Governmental Activities:</b>					
Instructional services	\$ 1,911,550	\$ -	\$ -	\$ -	\$ (1,911,550)
Pupil personnel services	36,004	-	-	-	(36,004)
Instructional staff training services	16,575	-	-	-	(16,575)
Board	16,747	-	-	-	(16,747)
General administration	34,074	-	-	-	(34,074)
School administration	389,381	-	-	-	(389,381)
Facilities acquisition & construction	23,709	-	-	79,803	56,094
Fiscal services	29,497	-	-	-	(29,497)
Food services	50,538	3,755	26,270	-	(20,513)
Operation of plant	137,496	-	-	64,569	(72,927)
Maintenance of plant	86,826	-	-	-	(86,826)
Administrative technology services	38,324	-	-	-	(38,324)
Community services	36,289	-	-	-	(36,289)
Interest on long-term debt	189,163	41,760	-	-	(147,403)
Unallocated depreciation expense	117,116	-	-	-	(117,116)
<b>Total Governmental Activities</b>	<b>\$ 3,113,289</b>	<b>\$ 45,515</b>	<b>\$ 26,270</b>	<b>\$ 144,372</b>	<b>\$ (2,897,132)</b>

**GENERAL REVENUES:**

State and local sources	\$ 2,953,371
Investment earnings	724
Miscellaneous revenue	27,810
<b>Total general revenues</b>	<b>2,981,905</b>
Pension liability adjustment expense	68,031
Change in Net Position	16,742
Net Position as previously reported, July 1, 2015	1,223,051
Restatement	(1,055,945)
<b>NET POSITION - beginning of year</b>	<b>167,106</b>
<b>NET POSITION - end of year</b>	<b>\$ 183,848</b>

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016**

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**ASSETS**

Cash and cash equivalents	\$	728,364
Accounts receivable		84,750
Due from internal fund		18,675
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>831,789</b>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Accounts payable and accrued liabilities	\$	9,594
Wages payable		198,024
<b>TOTAL LIABILITIES</b>		<b>207,618</b>

**FUND BALANCE**

Unassigned		624,171
<b>TOTAL FUND BALANCE</b>		<b>624,171</b>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$</b>	<b>831,789</b>
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The accompanying notes to basic financial statements are an integral part of these statements.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

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Total Fund Balance - Governmental Funds	\$ 624,171
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$5,070,405, net of accumulated depreciation of \$1,232,757 used in governmental activities are not financial resources and therefore are not reported in the fund.	3,837,649
Accounting for the School's participation in the FRS - the following amounts are reported in the Government-Wide Statements:	
Deferred Outflows	384,499
Deferred Inflows	(345,668)
Net Pension Liability	(1,162,807)
Loan costs of \$29,881, net of accumulated amortization of \$6,402 used in governmental activities are not financial resources and therefore are not reported in the fund.	23,479
Long-term liabilities of \$3,177,475 are not due and payable in the current period and therefore, are not reported in the funds.	<u>(3,177,475)</u>
Total Net Position - Governmental Activities	<u><u>\$ 183,848</u></u>

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	2016			
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>				
State passed through local	\$ 2,953,371	\$ -	\$ -	\$ 2,953,371
State capital outlay funding	-	-	144,372	144,372
Federal school lunch and contributions	-	26,270	-	26,270
Charges for services	45,515	-	-	45,515
Miscellaneous income	27,810	-	-	27,810
Interest	724	-	-	724
<b>TOTAL REVENUES</b>	<b>\$ 3,027,420</b>	<b>\$ 26,270</b>	<b>\$ 144,372</b>	<b>\$ 3,198,062</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional services	\$ 1,911,550	\$ -	\$ -	\$ 1,911,550
Pupil personnel services	36,004	-	-	36,004
Instructional staff training services	16,575	-	-	16,575
Board	16,747	-	-	16,747
School administration	389,381	-	-	389,381
General administration	34,074	-	-	34,074
Facilities acquisition & construction	-	-	79,803	79,803
Fiscal services	29,497	-	-	29,497
Food services	24,268	26,270	-	50,538
Operation of plant	72,927	-	64,569	137,496
Maintenance of plant	86,826	-	-	86,826
Administrative technology services	38,324	-	-	38,324
Community services	36,289	-	-	36,289
<b>Capital Outlay:</b>				
Other capital outlay	22,745	-	-	22,745
<b>Debt Service:</b>				
Redemption of principal	104,825	-	-	104,825
Interest and fees	184,184	-	-	184,184
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,004,216</b>	<b>\$ 26,270</b>	<b>\$ 144,372</b>	<b>\$ 3,174,858</b>
Excess of revenues over expenditures balance	23,204	-	-	23,204
Fund balance, beginning of year	600,967	-	-	600,967
Fund balance, end of year	<b>\$ 624,171</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 624,171</b>

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

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Net Change in Fund Balance - Governmental Funds	\$ 23,204
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$117,116 exceeded capital outlays of \$78,839.	(38,277)
Governmental funds report loan costs as expenditures. However, in the statement of activities, the costs of those assets is allocated over the estimated useful life and reported as amortization expense. This is the amount by which amortization expense of \$4,979 exceeded loan costs capitalized of \$0.	(4,979)
Accounting for the School's participation in the Florida Retirement System: Pension liability adjustment expense	(68,031)
The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments of \$104,825 exceeded proceeds of \$0 in the current period.	<u>104,825</u>
Change in Net Position of Governmental Activities	<u>\$ 16,742</u>

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

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	<b>Agency Fund Student Activity</b>
<b>ASSETS</b>	
Cash	<u>\$ 18,675</u>
TOTAL ASSETS	<u><u>\$ 18,675</u></u>
<b>LIABILITIES</b>	
Due to general fund	<u>\$ 18,675</u>
TOTAL LIABILITIES	<u><u>\$ 18,675</u></u>

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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NOTE 1 – ORGANIZATION AND OPERATIONS

**Reporting Entity**

Coral Reef Montessori Academy Charter School, (the “School”) a component unit of the School Board of Miami-Dade County, Florida, the School is sponsored by its charter-holder, Coral Reef Montessori Academy Charter School, Inc. a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is comprised of 6 members.

The general operating authority of Coral Reef Montessori Academy Charter School, (the “School”) is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2028. 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 School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

These financial statements are for the year ended June 30, 2016, when 428 students were enrolled in grades kindergarten through eighth.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**

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

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

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

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

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

Capital Projects Fund - used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Additionally, the School reports the following fiduciary fund type:

Agency Funds

Agency funds account for assets held by the School in a custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is a School Activities Fund. It accounts for monies collected and spent resulting from student activities at the School site level such as music, clubs and other similar activities.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of Coral Reef Montessori Academy Charter School, (the “School”) are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

**Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The School's cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Accounts receivable

Accounts receivable consists principally of management fees pending to be collected. Any bad debts are expensed in the period when they are determined to be uncollectible.

Due from Other Government or Agency

Due from other government or agency consists of grants receivable which were collected in the subsequent year. Since all receivables were collected subsequent to year end, an allowance for doubtful accounts is not necessary.

Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance is expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Building and improvements	39 Years

Long-term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. Long term liabilities are due in more than one year.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Financing costs are reported as expenditures.

Compensated absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for one day per month of sick/personal leave up of to ten days of active work during the ten month period. Employees and administrators cannot forward unused days at year-end.

Government-Wide Fund Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for June 30, 2016 was \$683,653.
- Restricted net position – consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2016 was \$0.
- Unrestricted – all other net position is reported in this category.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). There were \$0 in nonspendable fund balance at June 30, 2016.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2016, there was no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2016, there was no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2016, there was no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First, Non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Minimum Fund Balance

As of June 30, 2016, there are no minimum fund balance requirements for any of the School’s funds.

Comparative Data and Reclassifications

Comparative total data for the prior year have been presented only for the balance sheet and statement of revenues, expenditures and changes in fund balances for governmental funds in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

Use of Estimates

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Miami-Dade County (the "School Board") pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Subsequent Events

Subsequent events have been evaluated through August 31, 2016, which is the date the financial statements were available to be issued.

NOTE 3 – INCOME TAXES

Coral Reef Montessori Academy Charter School, 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.

NOTE 4 –CAPITAL ASSETS

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

	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
Capital Assets				
Land	\$ 980,909	\$ -	\$ -	\$ 980,909
Building & improvements	3,657,718	78,839	-	3,736,557
Improvements other than buildings	90,000	-	-	90,000
Furniture & equipment	262,939	-	-	262,939
Total Capital Assets	\$ 4,991,566	\$ 78,839	\$ -	\$ 5,070,405
Less Accumulated Depreciation				
Building & improvements	\$ (884,159)	\$ (92,217)	\$ -	\$ (976,376)
Improvements other than buildings	(11,541)	(2,311)	-	(13,852)
Furniture & equipment	(219,940)	(22,588)	-	(242,528)
Total Accumulated Depreciation	\$ (1,115,640)	\$ (117,116)	\$ -	\$ (1,232,756)
Capital Assets, net	<u>\$ 3,875,926</u>			<u>\$ 3,837,649</u>

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE 5 – LOAN COSTS**

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

	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
Loan costs	\$ 29,881	\$ -	\$ -	\$ 29,881
Accumulated amortization	(1,423)	(4,979)	-	(6,402)
	<u>\$ 28,458</u>	<u>\$ (4,979)</u>	<u>\$ -</u>	<u>\$ 23,479</u>

**NOTE 6 – RELATED PARTIES**

The School’s co-directors are guarantors of the note payable. (See Note 7 – Notes Payable)

The School’s co-directors are owners of Coral Reef Montessori Academy, Inc. (the “Company”) a separate for-profit entity. The Company operates a pre-school and an after-school in the same facilities as the School. The Company reimburses the School for payroll and benefit related expenses and in addition pays a rental fee to the School. For the year ended June 30, 2016, the School was reimbursed approximately \$300,000 for payroll and benefit related expenses. In addition, a rental fee of approximately \$42,000 was paid to the School and is included in charges for services.

**NOTE 7 – NOTE PAYABLE**

In February 2015, the School modified their note payable to obtain a lower interest rate and to extend the maturity date. The note is collateralized by the School’s building and land. The School’s co-directors are guarantors of the note payable as required by the bank to facilitate securing the note to the School. Even though the co-directors are personal guarantors on the note, they do not hold, or are entitled to, any security interest on the School’s building and land as these assets were acquired with government funds. In addition, the board of directors signed a resolution that would pay each of the co-directors .5% of the total loan outstanding for each year that they are listed as guarantors of the loan. For the year ended June 30, 2016, the School’s co-directors were paid \$16,454 each for a total of \$32,907. The note payable agreement contains a financial covenant which includes a debt service coverage ratio. At June 30, 2016, the School was in compliance with this covenant.

The School’s obligation under notes payable consists of the following:

	Balance 7/1/2015	Additions	Repayments	Balance 6/30/2016
Note payable with monthly payments of principal and interest totaling \$21,132, bearing interest of 4.50% and maturing on February 20, 2022.	\$ 3,282,300	\$ -	\$(104,825)	\$ 3,177,475

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**NOTE 7 – NOTE PAYABLE (Continued)**

Maturities of debt are as follows:

<u>Year Ended June 30</u>	
2017	\$ 111,844
2018	116,982
2019	122,356
2020	127,977
2021	133,857
Thereafter	<u>2,564,459</u>
Total	<u>\$3,177,475</u>

**NOTE 8 – DEPOSITS POLICY AND CREDIT RISK**

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2016, the carrying amount of the School's cash deposit accounts was \$728,364 (operating) and \$18,675 (agency) and the respective bank balances totaled \$740,914 (operating) and \$20,584 (agency). At various times throughout the year bank balances may exceed the Federal Depository Insurance Corporation (FDIC) limit.

**NOTE 9 – GRANTS**

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

**NOTE 10 – EMPLOYEE RETIREMENT PLAN**

The Florida Department of Management Services, Division of Retirement (Division), is part of the primary government of the State of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (System). The School participates in two defined benefit plans administered by the Division. Beginning with the fiscal year ended June 30, 2014, the Division issued a publicly available, audited comprehensive annual financial report (CAFR) on behalf of the System that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the CAFR, which is available online at:

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

The System's CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
Division of Retirement  
Bureau of Research and Member Communications  
PO Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

As required by Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), this report includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources for each of the participating employers in the system's cost-sharing, multiple employer defined benefit plans:

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

*Plan Descriptions*

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established, is administered, and may be amended in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.22, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned. The percentage value for each year of service credit earned ranges from 1.60% to 1.68%. Benefits received are increased by an annual cost-of-living adjustment ranging from 0% to 3% depending on the effective dates of enrollment and retirement.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Employers participating in the FRS Pension Plan and HIS Program are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB 68. The Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (pension allocation schedules) and notes to the schedules, along with the system's CAFR, provide employers with the required information for reporting. The underlying financial information used to prepare the pension allocation schedules is based on the System's records. The financial statements for the cost-sharing defined benefit plans are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

**Contributions**

Contribution requirements of active employees and participating employers are established and may be amended only through an act of the Florida Legislature. The FRS requires a contribution of 3% of covered pay from employees. The School is required to contribute at an actuarially determined rate. Contribution rates and amounts are listed in the table below. Amounts contributed were equal to the required contribution for those years.

	2014	2015	2016
Contribution Rates - %			
Retirement - Employer	5.72%	6.07%	5.56%
HIS - Employer	1.20%	1.26%	1.66%
Administrative - Employee	0.03%	0.04%	0.04%
Employee	3.00%	3.00%	3.00%
Total	<u>9.95%</u>	<u>10.37%</u>	<u>10.26%</u>
Contribution Amounts			
Employer	\$134,009	\$ 139,859	\$ 137,207
Employee	<u>57,846</u>	<u>56,931</u>	<u>56,697</u>
Totals	<u>\$191,855</u>	<u>\$ 196,790</u>	<u>\$ 193,904</u>

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2016, the School reported a liability of \$1,162,807 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was based on the projection of the School’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The total pension liability for each plan was determined by the plan’s actuary and reported in the plan’s valuations dated July 1, 2015. The fiduciary net position used by the actuary to determine the net pension liability (as reported above) was determined on the same basis used by the plan. Each plan’s fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FRS financial report. The following displays the School’s proportionate shares for the two programs:

	Share at June 30, 2014	Share at June 30, 2015	Change
Florida Retirement System	0.004100296%	0.004063715%	-0.000036581%
Health Insurance Subsidy	0.006489714%	0.006255125%	-0.000234589%

For the year ended June 30, 2016, the School recognized pension expense of \$187,118 which includes the pension liability adjustment of \$68,031.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,412	\$ 12,448
Changes of assumptions	85,028	-
Net difference between projected and actual earnings on pension plan investments	185,223	310,212
Changes in proportion and differences between School contributions and proportionate share of contributions	37,669	23,008
Contributions subsequent to the measurement date	<u>21,167</u>	<u>-</u>

The School reported \$21,167 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net position liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense will be recognized as follows:

Year Ending June 30,	
2017	\$ 7,766
2018	7,766
2019	7,766
2020	7,766
2021	7,767
Thereafter	<u>-</u>
Totals	<u>\$ 38,831</u>

***Actuarial Assumptions and Discount Rate***

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2015 using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 4.29% was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

The following changes in actuarial assumptions occurred in 2015:

- FRS: As of June 30, 2015, the inflation rate assumption was decreased from 3.00% to 2.60%, the real payroll growth assumption was decreased from 1.00% to 0.65% and the overall payroll growth rate assumption was decreased from 4.00% to 3.25%. The long-term expected rate of return decreased from 7.75% to 7.65%.
- HIS: The municipal rate used to determine the total pension liability decreased from 4.63% to 4.29%.

Sensitivity of the School’s proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	<u>Florida Retirement System</u>		
	<u>1% Decrease (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>1% Increase (8.65%)</u>
School's proportionate share of the net pensions liability	\$ 1,360,091	\$ 524,883	\$ (170,147)

	<u>Health Insurance Subsidy</u>		
	<u>1% Decrease (2.80%)</u>	<u>Current Discount Rate (3.80%)</u>	<u>1% Increase (4.80%)</u>
School's proportionate share of the net pensions liability	\$ 726,885	\$ 637,924	\$ 563,744

*Long-term expected rate of return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in September 2014, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by Milliman’s capital market assumptions team and by a capital market assumptions team from Hewitt EnnisKnupp, which consults to the Florida State Board of Administration. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation’s policy description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model:

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2016**

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compound Annual (Geometric ) Return</u>
Cash	1.00%	3.10
Intermediate-Term Bonds	18.00%	4.05
High Yield Bonds	3.00%	6.25
Broad US Equities	26.50%	6.95
Developed Foreign Equities	21.20%	6.85
Emerging Market Equities	5.30%	7.60
Private Equity	6.00%	8.11
Hedge Funds/Absolute Return	7.00%	5.35
Real Estate (Property)	12.00%	6.35

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**NOTE 11 – DEFINED CONTRIBUTION PENSION PLAN**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. School employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amount contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds.

Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through employer contributions of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member’s accounts during the 2014-2015 fiscal year were as follows:

<u>Class:</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the School.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**NOTE 12 – RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

**NOTE 13 – RESTATEMENT**

The restatement of net position is the result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the School to report deferred outflows of \$233,858, deferred inflows of \$432,821, and a net position liability of \$856,982, for a total decrease of \$1,055,945 to the net position at July 1, 2015.

REQUIRED SUPPLEMENTAL INFORMATION

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund Budget		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 2,928,100	\$ 2,928,100	\$ 2,953,371
Charges for services	186,300	186,300	45,515
Miscellaneous and interest income	70,000	70,000	28,534
<b>TOTAL REVENUES</b>	<b>\$ 3,184,400</b>	<b>\$ 3,184,400</b>	<b>\$ 3,027,420</b>
<b>EXPENDITURES</b>			
Instructional services	\$ 1,852,300	\$ 1,852,300	\$ 1,911,550
Pupil personnel services	35,400	35,400	36,004
Instructional staff training services	15,400	15,400	16,575
Board	17,000	17,000	16,747
School administration	332,400	332,400	389,381
General administration	58,400	58,400	34,074
Facilities acquisition, construction & other capital outlay	100,000	100,000	22,745
Fiscal services	20,100	20,100	29,497
Food services	3,800	3,800	24,268
Community services	166,800	166,800	36,289
Administrative technology services	35,000	35,000	38,324
Operation of plant	76,500	76,500	72,927
Maintenance of plant	109,800	109,800	86,826
Debt services	350,000	350,000	289,009
<b>TOTAL EXPENDITURES</b>	<b>3,172,900</b>	<b>3,172,900</b>	<b>3,004,216</b>
Excess of revenues over expenditures	11,500	11,500	23,204
Other financing sources	-	-	-
<b>Net change in fund balance</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>	<b>\$ 23,204</b>

See accompanying note to required supplemental information.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
 SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Federal school lunch and contributions	62,900	62,900	26,270
<b>TOTAL REVENUES</b>	<u>\$ 62,900</u>	<u>\$ 62,900</u>	<u>\$ 26,270</u>
<b>EXPENDITURES</b>			
Food services	\$ 62,900	\$ 62,900	\$ 26,270
<b>TOTAL EXPENDITURES</b>	<u>\$ 62,900</u>	<u>\$ 62,900</u>	<u>\$ 26,270</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

See accompanying note to required supplemental information.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
 CAPITAL PROJECTS FUND  
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Capital Projects Fund</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Federal school lunch and contributions	\$ 144,900	\$ 144,900	144,372
<b>TOTAL REVENUES</b>	<u>\$ 144,900</u>	<u>\$ 144,900</u>	<u>\$ 144,372</u>
<b>EXPENDITURES</b>			
Facilities acquisition & construction	\$ 80,000	\$ 80,000	\$ 79,803
Operation of plant	64,900	64,900	64,569
<b>TOTAL EXPENDITURES</b>	<u>\$ 144,900</u>	<u>\$ 144,900</u>	<u>\$ 144,372</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

See accompanying note to required supplemental information.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**FRS/HIS - SCHEDULE OF PROPORTION SHARE OF NET PENSION LIABILITY**  
**JUNE 30, 2016**

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**Schedule of Proportionate Share of Net Pension Liability - Florida Retirement System**

	<u>2015</u>	<u>2014</u>
School's proportion of the net pension liability	0.004063715%	0.004100296%
School's proportionate share of the net pension liability	\$ 524,883	\$ 250,178
School's covered-employee payroll	\$ 1,897,683	\$ 1,928,181
School's proportionate share of the net pension liability as a % of its covered payroll	28%	13%
Plan fiduciary net position as a % of the total pension liability	92.00%	96.09%

**Schedule of Proportionate Share of Net Pension Liability - Health Insurance Subsidy Program**

	<u>2015</u>	<u>2014</u>
School's proportion of the net pension liability	0.006489714%	0.006255125%
School's proportionate share of the net pension liability	\$ 637,924	\$ 606,804
School's covered-employee payroll	\$ 1,897,683	\$ 1,928,181
School's proportionate share of the net pension liability as a % of its covered payroll	34%	31%
Plan fiduciary net position as a % of the total pension liability	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is complied the School presented information for only the first year for which information is available. The amounts presented were determined as of June 30 for each fiscal year.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 3 of the Comprehensive Annual Financial Report on the website indicated in Note 10.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
FRS/HIS - SCHEDULE OF CONTRIBUTIONS  
JUNE 30, 2016**

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**Schedule of Contributions Florida Retirement System**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 99,077	\$ 89,814
Contributions in relation to the contractually required contribution	\$ (99,077)	\$ (89,814)
Contribution deficiency (excess)	\$ -	\$ -
Schools' covered-employee payroll	\$ 1,897,683	\$ 1,928,181
Contributions as a % of covered-employee payroll	5.22%	4.66%

**Schedule of Contributions Health Insurance Subsidy Program**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 23,911	\$ 22,232
Contributions in relation to the contractually required contribution	\$ (23,911)	\$ (22,232)
Contribution deficiency (excess)	\$ -	\$ -
Schools' covered-employee payroll	\$ 1,897,683	\$ 1,928,181
Contributions as a % of covered-employee payroll	1.26%	1.15%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is complied the School presented information for only the first year for which information is available. The amounts presented were determined as of June 30 for each fiscal year.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION  
JUNE 30, 2016**

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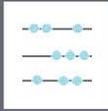
NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2016 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).



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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Board of Directors of  
Coral Reef Montessori Academy Charter School  
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Coral Reef Montessori Academy Charter School (the "School"), 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 31, 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*.

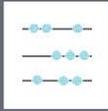
## **Purpose of this Report**

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 entity'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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 31, 2016



## MANAGEMENT LETTER

Board of Directors of  
Coral Reef Montessori Academy Charter School  
Miami, Florida

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

We have audited the financial statements of Coral Reef Montessori Academy Charter School (the “School”), a non-major component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated August 31, 2016.

### **Auditor’s Responsibility**

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

### **Other Reporting Required by Government Auditing Standards**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in those reports and schedule, which are dated September 1, 2015, 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 determine 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 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 Coral Reef Montessori Academy Charter School.

### **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.

**Other Matters**

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 31, 2016