

**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, 2014

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

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

2013-2014

BOARD OF DIRECTORS

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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, 2014, 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, 2014, 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.

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 and the budgetary comparison information on pages 26 through 28 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 nonmajor 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 September 2, 2014, 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
September 2, 2014

Management's Discussion and Analysis
Coral Reef Montessori Academy Charter School
June 30, 2014

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, 2014.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2014 by \$1,188,927 (net position).
2. At year-end, the School had current assets on hand of \$716,484.
3. The net position of the School increased by \$113,084 during the year.
4. The unrestricted net position at June 30, 2014 was \$567,039.

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, 2014 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 - 17 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 - 25 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, 2014 and 2013 follows:

Assets	2014	2013
Cash	\$ 641,719	\$ 440,131
Due from governmental agencies & internal fund	74,765	216,023
Capital assets, net	3,934,510	4,057,135
Total Assets	<u>\$ 4,650,994</u>	<u>\$ 4,713,289</u>
Liabilities and Net Position		
Accounts and wages payable	\$ 149,445	\$ 231,243
Note payable	3,312,622	3,406,203
Total Liabilities	<u>3,462,067</u>	<u>3,637,446</u>
Net investment in capital assets	621,888	650,932
Unrestricted	567,039	424,911
Total Net Position	<u>1,188,927</u>	<u>1,075,843</u>
Total Liabilities and Net Position	<u>\$ 4,650,994</u>	<u>\$ 4,713,289</u>

At June 30, 2014, the School's total assets were \$4,650,994 and total liabilities were \$3,462,067. The School's assets and liabilities declined by \$62,295 and \$175,379, respectively primarily due to depreciation of fixed assets and use of the School's resources for the repayment of long-term debt. At the end of the fiscal year, the School is able to report a continued positive balance of \$1,188,927 in the categories of net position with a net increase of \$113,084 for the year ended June 30, 2014.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2014 and 2013 were as follows:

REVENUES	2014	2013
Program Revenues		
Operating grants & contributions	\$ -	\$ -
Federal sources	32,285	38,645
Capital outlay funding	180,537	152,000
Charges for services	73,913	199,383
General Revenues		
Grants & contributions	2,771,973	2,577,260
Miscellaneous revenue	26,314	32,227
Interest earnings	686	1,387
Total Revenues	<u>\$ 3,085,708</u>	<u>\$ 3,000,902</u>
EXPENSES		
Instructional services	\$ 1,773,374	\$ 1,791,223
Pupil personnel services	27,400	22,825
Instructional staff training services	9,554	33,410
Board	16,783	22,642
General administration	31,490	-
School administration	424,486	416,256
Facilities acquisition & construction	30,611	5,284
Fiscal services	15,880	98,229
Food services	52,496	33,659
Operation of plant	106,531	124,603
Maintenance of plant	70,309	102,181
Administrative technology services	14,093	11,850
Community services	32,284	45,142
Interest expense	241,548	228,261
Unallocated depreciation	125,785	128,581
Total Expenses	<u>2,972,624</u>	<u>3,064,146</u>
Change in Net Position	113,084	(63,244)
Net Position at Beginning of Year	<u>1,075,843</u>	<u>1,139,087</u>
Net Position at End of Year	<u><u>\$ 1,188,927</u></u>	<u><u>\$ 1,075,843</u></u>

The School's net position increased by \$113,084 for the year ended June 30, 2014. For the year ended June 30, 2014, the School's revenues were \$3,085,708 and overall increased by \$84,806 primarily due to an increase in state and local source funding. For the year ended June 30, 2014, the School's total expenses were \$2,972,624 which was an overall decrease of approximately \$91,522 from prior year.

Achievement

The School received a letter grade of “A” for the 2013-2014 school year and met the criteria for high-performing charter schools statues pursuant to S.1002.331.F.S. In order to achieve a high performing status, a school must have:

1. Received at least two school grades of “A” and no school grade below “B” for the last three years.
2. Received an unqualified opinion on each annual audit in the most recent three years for which such audits are available.
3. Did not receive a financial audit that revealed one or more of the financial emergency conditions set forth in S. 218.503, F.S. in the most three recent fiscal years for which audits are available.

Our 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. We successfully complied with all the required actions. We are a Full Member School with American Montessori Association, and are members of the South Florida Consortium of Charter Schools.

This 2013-2014 school year, we were particularly pleased with the progress in our standardized test scores. Below are our greatest areas of improvement.

- The End of Course assessment in Algebra EOC had 100% of the students in 7th and 8th grade passing with 3 or above in 2014 FCAT.
- The End of Course assessment in Geometry had 100% of the 8th grade students passing with 3 and or above in the 2014 FCAT.
- Our Eighth grade science scores went from 35% passing with 3 and above in 2013 to 57% or the students scoring 3 and above in 2014.
- Our Third grade math scores went from 49% scoring 3 and above in 2013 to 69% scoring 3 and above in 2014.

The School’s students and staff, ever mindful of their humanity obligations, received recognition from a number of community based organizations for their support. Once again, the School participated in The Fairchild Challenge, created organic gardens in the Kindergarten through 6th grade, participated in school wide recycling, and the Mangrove Reclamation Project. Our School chess club continues to be nationally ranked.

The Peace Committee, a group of students who represent our school at the United Nations each year learned and discussed world issues. They chose to support two projects, “Save the Rain” and “Vision for and from Children”.

The School also supported the St. Jude's Children Hospital, the American Cancer Society and American Lung Cancer. Locally, the school continued to support food drives, the Camillus House and Community Partnership for the Homeless. Our students also participated in "SWAT" Students Working Against Tabaco, Dade County Chapter of the Links, Community Blood Center of South Florida, Lilly's Light which funds lung cancer research, Heroes Unite a breast cancer survivor chorus, Winnefarm Ecology Research in Haiti and Pearls of Hope.

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 \$567,039, an increase of \$142,128 in comparison with the prior year.

Capital Assets

The School's investment in capital assets as of June 30, 2014 amounts to \$3,934,510 (net of accumulated depreciation). This investment in capital assets includes land, improvements other than buildings, school building, furniture, fixtures and computer equipment. During the year ended June 30, 2014, the School purchased \$3,160 of fixed assets.

Note Payable

In January 2008 the School signed an agreement to refinance their note payable with a new \$3,825,000 note. The new note is collateralized by the School's building and land and is guaranteed by the School's co-directors and matures in January 2015. The note payable bears interest of 6.20% (based on the 7-year Treasury + 2%). The balance at June 30, 2014 was \$3,312,622. For the year ended June 30, 2014, the School made principal repayments of \$93,581. The School intends to refinance the note payable prior to maturity.

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.

	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,648,247	\$ 2,648,247	\$ 2,771,973
Federal school lunch and contributions	55,000	55,000	32,285
State capital outlay funding	152,000	180,537	180,537
Charges for services and other grants	291,142	291,142	73,913
Miscellaneous and interest income	-	-	27,000
TOTAL REVENUES	<u>\$ 3,146,389</u>	<u>\$ 3,174,926</u>	<u>\$ 3,085,708</u>
EXPENDITURES			
Instructional services	\$ 1,779,206	\$ 1,779,206	\$ 1,773,374
Pupil personnel services	-	-	27,400
Instructional and curriculum development services	-	-	-
Instructional staff training services	24,000	24,000	9,554
Board	31,000	31,000	16,783
General administration	29,520	29,520	31,490
School administration	388,210	388,210	424,486
Facilities acquisition, construction and other capital outlay	300,000	328,537	33,771
Fiscal services	13,476	13,476	15,880
Food services	57,400	57,400	52,496
Community services	-	-	32,284
Administrative technology services	12,000	12,000	14,093
Operation of plant	72,000	72,000	106,531
Maintenance of plant	48,530	48,530	70,309
Debt services	374,550	374,550	335,129
TOTAL EXPENDITURES	<u>3,129,892</u>	<u>3,158,429</u>	<u>2,943,580</u>
Net change in fund balance	<u>\$ 16,497</u>	<u>\$ 16,497</u>	<u>\$ 142,128</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
STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013 (SUMMARIZED COMPARATIVE INFORMATION)

	Governmental Activities	
	2014	2013
		(Summarized Comparative Information)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 641,719	\$ 440,131
Accounts receivable	29,659	154,387
Due from internal fund	45,106	61,636
Total current assets	<u>716,484</u>	<u>656,154</u>
CAPITAL ASSETS		
Land	980,909	980,909
Building and improvements	3,597,584	3,597,584
Less accumulated depreciation	(791,561)	(699,903)
Improvements other than buildings	90,000	90,000
Less accumulated depreciation	(9,233)	(9,233)
Furniture, fixtures and computer equipment	259,806	256,646
Less accumulated depreciation	(192,995)	(158,868)
Total capital assets	<u>3,934,510</u>	<u>4,057,135</u>
TOTAL ASSETS	<u><u>\$ 4,650,994</u></u>	<u><u>\$ 4,713,289</u></u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 45,401
Wages and other payable	149,445	185,842
Note payable - current portion	3,312,622	93,703
Total current liabilities	<u>3,462,067</u>	<u>324,946</u>
Note payable - long term portion	-	3,312,500
TOTAL LIABILITIES	<u>3,462,067</u>	<u>3,637,446</u>
NET POSITION		
Net investment in capital assets	621,888	650,932
Unrestricted	567,039	424,911
TOTAL NET POSITION	<u>1,188,927</u>	<u>1,075,843</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 4,650,994</u></u>	<u><u>\$ 4,713,289</u></u>

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014 AND 2013 (SUMMARIZED COMPARATIVE INFORMATION)

Functions	2014				2013	
	Expenses	Program Revenues			Governmental Activities	(Summarized Comparative Information)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
Governmental Activities:						
Instructional services	\$ 1,773,374	\$ 69,939	\$ -	\$ -	\$ (1,703,435)	\$ (1,600,983)
Pupil personnel services	27,400	-	-	-	(27,400)	(22,825)
Instructional staff training services	9,554	-	-	-	(9,554)	(33,410)
Board	16,783	-	-	-	(16,783)	(22,642)
General administration	31,490	-	-	-	(31,490)	-
School administration	424,486	-	-	-	(424,486)	(416,256)
Facilities acquisition & construction	30,611	-	-	27,611	(3,000)	(5,284)
Fiscal services	15,880	-	-	-	(15,880)	(98,229)
Food services	52,496	3,974	32,285	-	(16,237)	14,128
Operation of plant	106,531	-	-	106,531	-	(72,814)
Maintenance of plant	70,309	-	-	46,395	(23,914)	(1,970)
Administrative technology services	14,093	-	-	-	(14,093)	(11,850)
Community services	32,284	-	-	-	(32,284)	(45,142)
Interest on long-term debt	241,548	-	-	-	(241,548)	(228,261)
Unallocated depreciation expense	125,785	-	-	-	(125,785)	(128,580)
Total Governmental Activities	\$ 2,972,624	\$ 73,913	\$ 32,285	\$ 180,537	\$ (2,685,889)	\$ (2,674,118)
GENERAL REVENUES:						
State and local sources					\$ 2,771,973	\$ 2,577,260
Investment earnings					686	1,387
Miscellaneous revenue					26,314	32,227
Total general revenues					2,798,973	2,610,874
Change in Net Position					113,084	(63,244)
NET POSITION - beginning of year					1,075,843	1,139,087
NET POSITION - end of year					<u>\$ 1,188,927</u>	<u>\$ 1,075,843</u>

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
BALANCE SHEETS- GOVERNMENTAL FUNDS
JUNE 30, 2014 AND 2013 (SUMMARIZED COMPARATIVE INFORMATION)

	2014	2013
	General Fund	(Summarized Comparative Information)
ASSETS		
Cash and cash equivalents	\$ 641,719	\$ 440,131
Accounts receivable	29,659	154,387
Due from internal fund	45,106	61,636
TOTAL ASSETS	\$ 716,484	\$ 656,154
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 45,401
Wages payable	149,445	185,842
TOTAL LIABILITIES	149,445	231,243
FUND BALANCE		
Unassigned	567,039	424,911
TOTAL FUND BALANCE	567,039	424,911
TOTAL LIABILITIES AND FUND BALANCE	\$ 716,484	\$ 656,154

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Fund Balance - Governmental Funds \$ 567,039

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

Capital assets of \$4,928,299, net of accumulated depreciation of \$993,789 used in governmental activities are not financial resources and therefore are not reported in the fund. 3,934,510

Long-term liabilities of \$3,312,622 are not due and payable in the current period and therefore, are not reported in the funds. (3,312,622)

Total Net Position - Governmental Activities \$ 1,188,927

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, 2014 AND 2013 (SUMMARIZED COMPARATIVE INFORMATION)

	2014				2013
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	(Summarized Comparative Information)
REVENUES					
State passed through local	\$ 2,771,973	\$ -	\$ -	\$ 2,771,973	\$ 2,577,260
State capital outlay funding	-	-	180,537	180,537	152,000
Federal school lunch and contributions	-	32,285	-	32,285	38,645
Charges for services and other grants	69,939	3,974	-	73,913	199,383
Miscellaneous income	26,314	-	-	26,314	32,227
Interest	686	-	-	686	1,387
TOTAL REVENUES	\$ 2,868,912	\$ 36,259	\$ 180,537	\$ 3,085,708	\$ 3,000,902
EXPENDITURES					
Current:					
Instructional services	\$ 1,773,374	\$ -	\$ -	\$ 1,773,374	\$ 1,791,223
Pupil personnel services	27,400	-	-	27,400	22,825
Instructional staff training services	9,554	-	-	9,554	33,410
Board	16,783	-	-	16,783	22,642
School administration	424,486	-	-	424,486	416,256
General administration	31,490	-	-	31,490	-
Facilities acquisition & construction	3,000	-	27,611	30,611	5,284
Fiscal services	15,880	-	-	15,880	98,229
Food services	16,237	36,259	-	52,496	33,659
Operation of plant	-	-	106,531	106,531	124,603
Maintenance of plant	23,914	-	46,395	70,309	102,181
Administrative technology services	14,093	-	-	14,093	11,850
Community services	32,284	-	-	32,284	45,142
Capital Outlay:					
Other capital outlay	3,160	-	-	3,160	80,807
Debt Service:					
Redemption of principal	93,581	-	-	93,581	95,127
Interest	241,548	-	-	241,548	228,261
TOTAL EXPENDITURES	\$ 2,726,784	\$ 36,259	\$ 180,537	\$ 2,943,580	\$ 3,111,499
 Net change in fund balance	 142,128	 -	 -	 142,128	 (110,597)
Fund balance, beginning of year	424,911	-	-	424,911	535,508
 Fund balance, end of year	 \$ 567,039	 \$ -	 \$ -	 \$ 567,039	 \$ 424,911

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, 2014

Net Change in Fund Balance - Governmental Funds \$ 142,128

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 \$125,785 exceeded capital outlays of \$3,160. (122,625)

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 \$93,581 exceeded proceeds of \$0 in the current period. 93,581

Change in Net Position of Governmental Activities \$ 113,084

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, 2014**

	Agency Fund Student Activity
ASSETS	
Cash	<u>\$ 45,106</u>
TOTAL ASSETS	<u><u>\$ 45,106</u></u>
LIABILITIES	
Due to general fund	<u>\$ 45,106</u>
TOTAL LIABILITIES	<u><u>\$ 45,106</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, 2014

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, 2014, when 426 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, 2014

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, 2014

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.
- 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, 2014 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, 2014

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, 2014.
- 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, 2014, 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, 2014, 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, 2014, 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, 2014, 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, 2014

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 September 2, 2014, 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, 2014:

	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014
Capital Assets				
Land	\$ 980,909	\$ -	\$ -	\$ 980,909
Building & improvements	3,597,584	-	-	3,597,584
Improvements other than buildings	90,000	-	-	90,000
Furniture & equipment	256,646	3,160	-	259,806
Total Capital Assets	\$ 4,925,139	\$ 3,160	\$ -	\$ 4,928,299
Less Accumulated Depreciation				
Building & improvements	\$ (699,903)	\$ (91,658)	\$ -	\$ (791,561)
Improvements other than buildings	(9,233)	-	-	(9,233)
Furniture & equipment	(158,868)	(34,127)	-	(192,995)
Total Accumulated Depreciation	\$ (868,004)	\$ (125,785)	\$ -	\$ (993,789)
Capital Assets, net	<u>\$ 4,057,135</u>			<u>\$ 3,934,510</u>

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5 – 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 management fee to the School. For the year ended June 30, 2014, the School was reimbursed approximately \$327,000 for payroll and benefit related expenses. In addition, a management fee of approximately \$70,000 was paid to the School and is included in charges for services.

NOTE 6 – LINE OF CREDIT

The School has a \$50,000 line of credit agreement with a financial institution. This advances on the credit line are payable on demand and carry an interest rate of the financial institution's Prime Rate plus 1.25%. The total outstanding balance at June 30, 2014 was \$0.

NOTE 7 – NOTE PAYABLE

On January 8, 2008, the School refinanced their note payable due to the high interest rate under the previous agreement signed on November 15, 2006. The new 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, 2014, the School's co-directors were paid \$17,169 each for a total of \$34,338. The note payable agreement contains a financial covenant which includes a debt service coverage ratio. At June 30, 2014, the School was in compliance with this covenant.

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

	Balance 7/1/2013	Additions	Repayments	Balance 6/30/2014
Note payable, issued on January 8, 2008, with monthly payments of principal and interest totaling \$24,902, bearing interest of 6.00% based on the 7-year Treasury + 2.00%. The note matures on January 20, 2015.	\$ 3,406,203	\$ -	\$ (93,581)	\$ 3,312,622

Maturities of long-term debt are as follows:

Year Ended June 30	
2015	3,312,622
Total	<u>\$ 3,312,622</u>

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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, 2014, the carrying amount of the School's cash deposit accounts was \$641,719 (operating) and \$45,106 (agency) and the respective bank balances totaled \$665,856 (operating) and \$43,184 (agency). As of June 30, 2014, balances held in financial institutions did not 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 – FLORIDA RETIREMENT SYSTEM

The School provides post-retirement benefits to its employee through the Florida Retirement System (FRS). The FRS is administered by the Division of Retirement in the State of Florida. During the year ended June 30, 2014, the School contributed \$120,023 to the FRS.

NOTE 11 – 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.

REQUIRED SUPPLEMENTAL INFORMATION

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,648,247	\$ 2,648,247	\$ 2,771,973
Federal school lunch and contributions	55,000	55,000	32,285
State capital outlay funding	152,000	180,537	180,537
Charges for services and other grants	291,142	291,142	73,913
Miscellaneous and interest income	-	-	27,000
TOTAL REVENUES	\$ 3,146,389	\$ 3,174,926	\$ 3,085,708
EXPENDITURES			
Instructional services	\$ 1,779,206	\$ 1,779,206	\$ 1,773,374
Pupil personnel services	-	-	27,400
Instructional and curriculum development services	-	-	-
Instructional staff training services	24,000	24,000	9,554
Board	31,000	31,000	16,783
General administration	29,520	29,520	31,490
School administration	388,210	388,210	424,486
Facilities acquisition, construction and other capital outlay	300,000	328,537	33,771
Fiscal services	13,476	13,476	15,880
Food services	57,400	57,400	52,496
Community services	-	-	32,284
Administrative technology services	12,000	12,000	14,093
Operation of plant	72,000	72,000	106,531
Maintenance of plant	48,530	48,530	70,309
Debt services	374,550	374,550	335,129
TOTAL EXPENDITURES	3,129,892	3,158,429	2,943,580
 Net change in fund balance	 \$ 16,497	 \$ 16,497	 \$ 142,128

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 AND CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue and Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 152,000	\$ 180,537	\$ 180,537
Charges for services	2,400	2,400	3,974
Federal school lunch and contributions	55,000	55,000	32,285
TOTAL REVENUES	\$ 209,400	\$ 237,937	\$ 216,796
EXPENDITURES			
Food services	\$ 57,400	\$ 57,400	\$ 36,259
Maintenance of plant	-	-	46,395
Facilities acquisition & construction	152,000	180,537	27,611
Operation of plant	-	-	106,531
TOTAL EXPENDITURES	\$ 209,400	\$ 237,937	\$ 216,796
Excess of revenues over expenditures	-	-	-
Other capital outlay	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplemental information.

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2013

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, 2014 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*

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, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 2, 2014.

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
September 2, 2014

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, 2014, and have issued our report thereon dated September 2, 2014.

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.

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 2, 2014, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report

Financial Condition

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Transparency

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

Other Matters

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

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

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.

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.

A handwritten signature in blue ink that reads "Verdeja & De Armas, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 2, 2014