

Pinecrest Academy (South Campus)  
(A Charter School and Component Unit  
of the School Board of Miami Dade County, Florida)

Miami, Florida

Financial Statements and  
Independent Auditors' Report

June 30, 2014

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Pinecrest Academy (South Campus)  
WL# 0342

15130 SW 80<sup>th</sup> Street  
Miami, FL 33193

2013-2014

BOARD OF DIRECTORS

Judith Marty, Chair and President, Director  
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SCHOOL ADMINISTRATION

Carmen Cangemi, Principal

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Pinecrest Academy (South Campus)  
Miami, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Pinecrest Academy (South Campus) (the "School"), a charter school under Pinecrest Academy, Inc., which is a component unit of the District School Board of Miami-Dade County, as of, and for the year ended June 30, 2014, which collectively comprises 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 of America. 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 Pinecrest Academy (South Campus) at 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**

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Pinecrest Academy (South Campus) at June 30, 2014, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Pinecrest Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of Pinecrest Academy, Inc. as of June 30, 2014 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Required Supplementary Information**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 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, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 30 through 31 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.



Coral Gables, Florida  
August 29, 2014

CERTIFIED PUBLIC ACCOUNTANTS

**Management's Discussion and Analysis**  
Pinecrest Academy (South Campus)  
(A Charter school Under Pinecrest Academy, Inc.)  
June 30, 2014

The corporate officers of Pinecrest Academy (South Campus) have prepared this narrative overview and analysis of the school's financial activities for the year ended June 30, 2014.

**Financial Highlights**

1. The net position of the School at June 30, 2014 was \$3,029,044.
2. At year-end, the School had current assets on hand of \$2,148,412.
3. The School had an increase in its net position of \$675,883 during the year ended June 30, 2014.
4. The unassigned fund balance at year end was \$1,340,997.

**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, and deferred outflows of resources and liabilities and deferred inflows of resources. The difference between the four 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 when the underlying event 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 11 – 12 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.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 13 - 17 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 18 - 29 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Assets exceeded liabilities by \$3,029,044 at the close of the fiscal year. As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. A summary of the School's net position as of June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 1,967,164	\$ 2,034,837
Due from other agencies	25,319	7,127
Prepaid expenses and other assets	155,929	56,941
Capital Assets, net	323,405	321,965
Due from affiliate	800,000	220,851
<b>Total Assets</b>	<u>3,271,817</u>	<u>2,641,721</u>
<b>Deferred outflows of resources</b>	55,730	59,710
Salaries and wages payable	224,270	243,237
Accrued expenses and other liabilities	74,233	105,033
<b>Total Liabilities</b>	<u>298,503</u>	<u>348,270</u>
<b>Deferred inflows of resources</b>	-	-
<b>Net Position:</b>		
Net investment in capital assets and long term receivables	1,123,405	542,816
Restricted by lease agreement	327,664	287,992
Unrestricted	1,577,975	1,522,353
<b>Total Net Position</b>	<u>\$ 3,029,044</u>	<u>\$ 2,353,161</u>

At the end of the year, the School is able to report positive balances in total net position.

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

	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>		
Program Revenues		
Operating Grants and Contributions	\$ 19,379	\$ 21,561
Capital Outlay Funding	364,455	244,485
Lunch Program	241,249	238,124
Charges for Services	929,332	663,563
General Revenues		
Local Sources(FTE non specific)	4,881,529	4,558,989
Other Revenues	117,336	33,115
<b>Total Revenues</b>	<u>\$ 6,553,280</u>	<u>\$ 5,759,837</u>
<b>EXPENSES</b>		
Component Unit Activities:		
Instruction	\$ 2,817,606	\$ 2,616,527
Instructional staff training	7,612	2,842
Board	15,739	17,551
School administration	713,238	549,964
Facilities acquisition	13,972	14,953
Fiscal services	109,800	112,500
Central services	125,971	328,579
Food services	234,628	132,177
Maintenance of plant	119,970	1,162,912
Operation of plant	1,204,505	171,071
Community services	514,356	307,976
<b>Total Expenses</b>	<u>5,877,397</u>	<u>5,417,052</u>
Increase in Net Position	675,883	342,785
Net Position at Beginning of Year	<u>2,353,161</u>	<u>2,010,376</u>
Net Position at End of Year	<u>\$ 3,029,044</u>	<u>\$ 2,353,161</u>

The School's revenues and expenses increased by \$793,443 and \$460,345, respectively. The State appropriated a per student funding amount slightly higher than the amount appropriated for the 2012-2013 school year. The School had an increase in its net position of \$675,883.

#### **School Location and Lease of Facility**

The School leases facilities located at 15130 S.W. 80<sup>th</sup> Street, Miami, Florida 33193.



## Accomplishments

In 2014, Pinecrest Academy (South Campus) completed its eighth year of operations, enrolling 732 students in grades K-8. The School earned a letter grade of “A” for the 8<sup>th</sup> consecutive year, ranking as one of the highest-performing public elementary schools in Miami-Dade County, and among the top public elementary schools in Florida.

This past year, students and teachers of Pinecrest Academy South were recognized for various accomplishments:

- Students participated in the SECME Olympiad and the Math Bowl.
- National Elks Free Throw Shooting Contest- District and Regional Awards
- Participation in the National Fit to Achieve Day-
- *VEX IQ Robotics Competition* –Robotics Competitive team participated in 5 local competitions and qualified for the VEX IQ State Robotics Competition at the University of South Florida where one of the teams won 1<sup>st</sup> place. The Robotics Team also participated in the STEM Tech Olympiad at the Miami Beach Convention Center where their robots won first and second place awards.
- *Competition Cheerleading Team- COA National Champions*; 1st Place and Grand Champions True Spirit Cheer and Dance Regional Competition; Marlin’s game
- *Boys’ Basketball Team-* Achieved the championship title and were undefeated the entire season.
- Raised over \$2,600 for the American Heart Association through the Jump Rope for Heart Initiative

### Artwork Recognition

- The 28<sup>th</sup> Annual Impressions in Watercolor Exhibition
- Miami International Airport’s exhibit – *Sirens of the Sea! Mermaids*
- The Art of Collaged Organic Imagery! – Art show at Pinecrest Gardens
- Bakehouse Art Complex for the Countywide Student Art Show
- The Art of Found Objects Show sponsored by Ocean Bank and the Education Fund.
- Rubell Family Collection (Miami-Dade County Museum Education Program).

Pinecrest Academy provides its students with a rigorous curriculum, as well as an extra-curricular program of activities, including team sports and clubs such as National Elementary Honor Society, Future Educators of America, Art Club, Peer Mediators, Safety Patrol, Chorus, Basketball, Citizens, Newspaper Club, Cheerleading, Morning News Crew, and Green Team. The school also offers Outsourced Extracurricular Activities such as Volleyball, Basketball, Soccer, Ballet, Hip Hop, and Zumbatomic.

Pinecrest students participated in various activities, community service projects and fundraising events including: Future Educators of America, Art Club, Peer Mediators, Safety Patrol, Chorus, Basketball, Citizens, Newspaper Club, Cheerleading, Morning News Crew, Green Team and Robotics Competitive Team. Outsourced Extracurricular Activities: Basketball, Soccer, Ballet, Tap, Karate and Tennis.

## **Accomplishments (continued)**

Students also participated in the Pirates for Peace event as part of the school-wide character education program. This group collected recycled clothing in order to provide clean water for impoverished countries. Other school-wide events included:

- Career Day
- Science Fair Night
- Field Day
- Earth Day-
- Bully Free Week
- Holiday Show-
- End of Year Show – “Jazz...A Groovy Celebration”
- Cookies and Milk with Santa
- Barnes and Noble Night Fundraiser
- Walk Safe Activities
- Hispanic Heritage Parade
- Red Ribbon Week
- Storybook Character Parade
- We’re an A Day Party
- Thanksgiving Food Drive
- Go Green Charity Recyclers
- School-Wide Recycling Program
- Duchenne’s Muscular Dystrophy and JDRF (Juvenile Diabetes Research Foundation)
- Cranes for a Cure
- Walk Your Heart Out
- Family Fun Day

Pinecrest Academy South Campus is fully accredited by AdvancEd under the Southern Association of Colleges and Schools (SACS –CASI) division.

### **Capital Improvement Requirements**

The School maintains a continuous capital improvement 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, the *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.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$1,849,909. The fund balance unassigned and available for spending at the School's discretion is \$1,340,997. These funds will be available for the School's future ongoing operations.

#### **Capital Assets**

The School's investment in capital assets as of June 30, 2014 amounts to \$323,405 (net of accumulated depreciation). This investment in capital assets includes building and improvements and furniture, fixtures, computer equipment and textbooks.

## Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
State capital outlay funding	\$ 347,700	\$ 364,455	\$ 364,455
Federal sources	21,561	19,000	19,379
Lunch program	240,000	240,000	241,249
General Revenues			
FTE nonspecific revenues	4,501,000	4,878,000	4,881,529
Charges and other revenues	1,000,000	1,040,000	1,046,668
Total Revenues	<u>\$ 6,110,261</u>	<u>\$ 6,541,455</u>	<u>\$ 6,553,280</u>
<b>CURRENT EXPENDITURES</b>			
Component Unit Activities			
Instruction	\$ 2,706,000	\$ 2,746,000	\$ 2,729,498
Instructional staff training services	8,000	8,000	7,612
Board	16,000	16,000	15,739
School administration	750,000	720,000	713,238
Fiscal services	120,000	110,000	109,800
Food services	255,561	225,000	224,582
Central services	130,000	126,000	125,971
Operation of plant	1,129,140	1,164,455	1,156,027
Maintenance of plant	150,000	120,000	117,962
Community Services	200,000	520,000	514,357
Total Current Expenditures	<u>\$ 5,464,701</u>	<u>\$ 5,755,455</u>	<u>\$ 5,714,786</u>

## Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC 6340 Sunset Drive, Miami, Florida 33143.

Pinecrest Academy (South Campus)  
(A charter school under Pinecrest Academy, Inc.)

Statement of Net Position  
June 30, 2014

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**Assets**

Current Assets:

Cash and cash equivalents	\$ 1,967,164
Due from other agencies	25,319
Prepaid expenses and other assets	155,929
	<u>2,148,412</u>

Capital assets, depreciable	1,710,446
Less accumulated depreciation	(1,387,041)
	<u>323,405</u>

Due from affiliate	800,000
Total Assets	<u>3,271,817</u>

**Deferred Outflows of Resources**

Intangible Costs	79,614
Less: accumulated amortization	(23,884)
	<u>55,730</u>

**Liabilities**

Current Liabilities:

Salaries and wages payable	224,270
Accounts payable and accrued liabilities	74,233
Total Liabilities	<u>298,503</u>

**Deferred Inflows of Resources**

-

**Net Position:**

Net investment in capital assets and long term receivables	1,123,405
Restricted by lease agreement	327,664
Unrestricted	1,577,975
Total Net Position	<u>\$ 3,029,044</u>

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

Pinecrest Academy (South Campus)  
(A charter school under Pinecrest Academy, Inc.)

Statement of Activities  
For the year ended June 30, 2014

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 2,817,606	\$ 379,621	\$ 19,379	\$ -	\$ (2,418,606)
Instructional staff training	7,612	-	-	-	(7,612)
Board	15,739	-	-	-	(15,739)
School administration	713,238	-	-	-	(713,238)
Facilities acquisition	13,972	-	-	-	(13,972)
Fiscal services	109,800	-	-	-	(109,800)
Central services	125,971	-	-	-	(125,971)
Food services	234,628	66,020	175,229	-	6,621
Maintenance of plant	119,970	-	-	-	(119,970)
Operation of plant	1,204,505	104,588	-	364,455	(735,462)
Community services	514,356	445,123	-	-	(69,233)
<b>Total Governmental Activities</b>	<u>5,877,397</u>	<u>995,352</u>	<u>194,608</u>	<u>364,455</u>	<u>(4,322,982)</u>
General revenues:					
FTE nonspecific revenues					4,881,529
Fundraising and other revenue					<u>117,336</u>
Change in net position					675,883
Net position, beginning					<u>2,353,161</u>
Net position, ending					<u>\$ 3,029,044</u>

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

Pinecrest Academy (South Campus)  
(A charter school under Pinecrest Academy, Inc.)

Balance Sheet - Governmental Funds  
June 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 1,967,164	\$ -	\$ 1,967,164
Prepaid expenses and other assets	155,929	-	155,929
Due from other agencies	-	25,319	25,319
Due from other funds	25,319	-	25,319
Total Assets	<u>2,148,412</u>	<u>25,319</u>	<u>2,173,731</u>
<b><u>Deferred Outflows of Resources</u></b>			
	-	-	-
<b><u>Liabilities</u></b>			
Accrued liabilities	224,270	-	224,270
Due to other funds	-	25,319	25,319
Deposits	74,233	-	74,233
Total Liabilities	<u>298,503</u>	<u>25,319</u>	<u>323,822</u>
<b><u>Deferred Inflows of Resources</u></b>			
	-	-	-
<b><u>Fund balance</u></b>			
Nonspendable, not in spendable form	181,248	-	181,248
Restricted	327,664	-	327,664
Unassigned	1,340,997	-	1,340,997
	<u>1,849,909</u>	<u>-</u>	<u>1,849,909</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,148,412</u>	<u>\$ 25,319</u>	<u>\$ 2,173,731</u>

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

Pinecrest Academy (South Campus)  
(A charter school under Pinecrest Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
For the year ended June 30, 2014

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Total Fund Balance - Governmental Funds \$ 1,849,909

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

Capital assets of \$1,710,446 net of accumulated depreciation of \$1,387,041 used in governmental activities are not financial resources and therefore are not reported in the fund. 323,405

Intangible costs of \$79,614 net of accumulated depreciation of \$23,884 used in governmental activities are not financial resources and therefore are not reported in the fund. 55,730

Long term receivable from other divisions of Pinecrest Academy, Inc. used in governmental activities are not financial resources and therefore are not reported in the fund. 800,000

Total Net Position - Governmental Activities \$ 3,029,044

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



Pinecrest Academy (South Campus)  
(A charter school under Pinecrest Academy, Inc.)

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental  
For the year ended June 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
State capital outlay funding	\$ -	\$ 364,455	\$ 364,455
State passed through local	4,881,529	-	4,881,529
Federal sources	-	19,379	19,379
Federal lunch program	-	175,229	175,229
Student lunch fees	-	66,020	66,020
Charges for services	929,332	-	929,332
Other revenue	117,336	-	117,336
Total Revenues	5,928,197	625,083	6,553,280
Expenditures:			
Current			
Instruction	2,723,575	5,923	2,729,498
Instructional staff training services	7,612	-	7,612
Board	15,739	-	15,739
School administration	713,238	-	713,238
Facilities acquisition	-	-	-
Fiscal services	109,800	-	109,800
Food services	-	224,582	224,582
Central services	125,971	-	125,971
Maintenance of plant	117,962	-	117,962
Operation of plant	791,572	364,455	1,156,027
Community services	514,357	-	514,357
Capital outlay:			
Other capital outlay	146,615	13,456	160,071
Total Expenditures	5,266,441	608,416	5,874,857
Excess of Revenues Over Expenditures	661,756	16,667	678,423
Other financing sources			
Transfers in and (out)	16,667	(16,667)	-
Net advances to affiliates	(579,149)	-	(579,149)
Net change in fund balance	99,274	-	99,274
Fund Balance at beginning of year	1,750,635	-	1,750,635
Fund Balance at end of year	\$ 1,849,909	\$ -	\$ 1,849,909

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

Pinecrest Academy (South Campus)  
(A charter school under Pinecrest Academy, Inc.)

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

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Change in Fund Balance - Governmental Funds \$ 99,274

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

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. This is the amount by which increase in long-term receivables of \$800,000 exceeded collections of \$220,851. 579,149

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$160,071 differed from depreciation expense of \$158,631. 1,440

Governmental funds report intangible costs as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as amortization expense. This is the amount by which intangible cost outlays of \$0 differed from amortization expense of \$3,980. (3,980)

Change in Net Position of Governmental Activities \$ 675,883

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

Pinecrest Academy (South Campus)  
 (A charter school under Pinecrest Academy, Inc.)  
 Statement of Net Position - Fiduciary Funds  
 June 30, 2014

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	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash	\$ 539
Total Assets	<u>539</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>
<b><u>Liabilities</u></b>	
Due to students and clubs	<u>539</u>
Total Liabilities	539
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>
<b><u>Net position</u></b>	<u>\$ -</u>

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

## **Note 1 – Summary of Significant Accounting Policies**

### Reporting Entity

Pinecrest Academy (South Campus) (the "School"), is a component unit of the School Board of Miami-Dade County, Florida (the "District"). The Schools' charter is held by Pinecrest Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Pinecrest Academy, Inc., which is composed of seven members and also governs other charter schools.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expires on June 30, 2016 and is renewable for an additional term pursuant to law and/or by a mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charters expiration. During the term of the charter, the District may terminate the charter if good cause is shown.

The School's location is in Miami, Florida for children from kindergarten through fifth grades and is funded by the District. These financial statements are for the year ended June 30, 2014, when a total of approximately 732 students were enrolled for the school year.

### Basis of presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

### 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 about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not included with program revenues are reported as general revenues.

*Fund Financial Statements*

Fund financial statements are provided for governmental and fiduciary funds, even though the fiduciary funds are not included in the government-wide financial statements. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

*General Fund* - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

*Special Revenue Fund* - accounts for specific revenue, such as capital outlay funding and federal lunch program that are legally restricted to expenditures for particular purposes.

*Agency Fund* – accounts for resources of the School's Internal Fund, which is used to administer monies collected at the schools in connection with school, student athletics, class, and club activities.

Measurement Focus and Basis of Accounting

The financial statements of 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 Guidance*.

The government-wide statements report using the economic resources measurement focus and the full 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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, 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 liabilities of the current period. The School considers revenues to be available if they are collected within 60 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. Charges for services and fees are recognized when cash is collected as amounts are not measurable. 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.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Deposits and Investments

All deposits are held in major banks and high grade investments. The School has not adopted a formal investment policy; however the School invests excess deposit funds in collateralized repurchase agreements. Cash and cash equivalents include all highly liquid investments with a maturity of three months or less. All deposits and investments in repurchase agreements are carried at cost plus accrued interest.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Inter-fund Transfers

Outstanding balances between funds are reported as “due to/from other funds. Inter-fund transfers are made to move any excess or shortage of funds derived from the National School Lunch Program from the Special Revenue Fund to the General Fund.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. 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:

Building and Improvements	10 - 20 Years
Furniture and Equipment	5 Years
Textbooks and Software	3 Years

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

**Note 1 – Summary of Significant Accounting Policies (continued)**

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Revenue Sources

Revenues for current operations are received primarily from the District 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 District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

In addition, the School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities.

Finally, the School also receives 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.



**Note 1 – Summary of Significant Accounting Policies (continued)**

Net position and Fund balance classifications

*Government-wide financial statements*

Equity is classified as net position and displayed in three components:

- a) Net investment in capital assets and long term receivables - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets and long term receivables.
- b) Restricted net position - consists of balances with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other balances that do not meet the definition of "restricted" or "net investment in capital assets and long term receivables."

*Fund financial statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

- a) Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of 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).
- b) Restricted – this classification includes fund balance category amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- c) 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. There are no committed fund balances at year end.
- d) Assigned - fund balance classification that is 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. There are no assigned fund balances at year end.
- e) Unassigned – portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

**Note 1 – Summary of Significant Accounting Policies (continued)**

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, assigned fund balance, and unassigned 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.

Income Taxes

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

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 29, 2014, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**Note 2 – Deposits and Investments**

Deposits

The School maintains 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 deposits and investments was \$1,967,164; of which \$384,533 consisted of bank balances and \$1,750,000 was fully collateralized under a repurchase agreement with Regions Bank (the "Bank").

**Note 2 – Deposits and Investments (continued)**

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Pinecrest Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Pinecrest Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2014, bank balances in potential excess of FDIC coverage totaled \$386,831; including fiduciary account bank balances.

Investments and Credit Risk

Custodial credit risk for deposits is the risk that in the event of a failure of a depository financial institution, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2014, all of the School's investments in repurchase agreements were held as part of the Bank's investment portfolio.

The School has not formally approved an investment policy regarding custodial credit risk; however it mitigates its credit risk by maintaining excess funds available in overnight repurchase agreements. Amounts invested in repurchase agreements are secured obligations collateralized by securities that include: non-callable U.S. Government and Agency Securities; Callable and Structured Agency Securities; Agency Mortgage-Backed Securities guaranteed by a federal agency, Bonds issued by government sponsored enterprises, Freddie Mac and Fannie Mae. Amounts invested in repurchase agreements are not insured by the FDIC and are subject to investment risks, including possible loss of principal invested, and if the Bank fails the School will become a secured creditor and may become an unsecured general creditor to the extent the market value of the securities used as collateral falls below the outstanding amount of repurchase obligations to the School.

Pinecrest Academy (South Campus)  
(A charter school under Pinecrest Academy, Inc.)  
Notes to Financial Statements  
June 30, 2014

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**Note 3 –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:

	<u>Balance 07/01/13</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance 06/30/14</u>
Capital Assets:				
Buildings and Improvements	\$ 154,131	\$ -	\$ 5,232	\$ 148,899
Computer equipment and software	341,177	33,142	-	374,319
Furniture, equipment and textbooks	<u>1,055,067</u>	<u>126,929</u>	<u>(5,232)</u>	<u>1,187,228</u>
Total Capital Assets	1,550,375	160,071	-	1,710,446
Less Accumulated Depreciation:				
Buildings and Improvements	(49,930)	(2,983)	-	(52,913)
Computer equipment and software	(282,954)	(56,722)	-	(339,676)
Furniture, equipment and textbooks	<u>(895,526)</u>	<u>(98,926)</u>	<u>-</u>	<u>(994,452)</u>
	(1,228,410)	(158,631)	-	(1,387,041)
Capital Assets, net	<u>\$ 321,965</u>	<u>\$ 1,440</u>	<u>\$ -</u>	<u>\$ 323,405</u>

For the fiscal year ended June 30, 2014, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	84,127
Facilities acquisition		13,972
Food services		10,046
Maintenance of plant		2,008
Operation of plant		48,478
Total Depreciation Expense	<u>\$</u>	<u>158,631</u>

**Note 4 – Intangible Asset**

The School capitalized \$79,614 of legal fees incurred in connection with services provided to prepare the School's facility for use. The fees are being amortized over the life of the facility lease using the straight-line method for the term of twenty years. For the year ended June 30, 2014, the School recorded \$3,980 in amortization expense relating to the asset.

### **Note 5 – Management Agreement**

Academica Dade, LLC, a professional charter school management company, provides management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and the management company calls for a fee of \$450 per full time equivalent (FTE) student per year. The agreement with Pinecrest Academy, Inc. is for a period of five years, through June 30, 2016, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2014, the School incurred approximately \$329,400 in management fees.

Academica Dade, LLC is located at 6340 Sunset Drive, Miami, Florida 33143 and its officers are:

Fernando Zulueta, President  
Magdalena Fresen, Vice President and Treasurer  
Ignacio Zulueta, Vice President  
Collette Papa, Secretary

### **Note 6 – Transactions with Other Divisions of Pinecrest Academy, Inc.**

The School operated an after care and Pre-K program. Revenues from these programs were recorded as charges for services. Total revenue from these programs for 2014 was approximately \$770,870.

The School made long term, non-interest bearing advances to Pinecrest Academy, Inc. The outstanding balance at June 30, 2014 was \$800,000.

During 2014, the School's facility was shared with Pinecrest Palms Academy (a school under Pinecrest Academy, Inc.). Common expenses were allocated on a flat monthly fee based on a student cost allocation ratio for use of the premises. The contract expires on June 30, 2014. During the year, the School received approximately \$94,500 in usage fees from Pinecrest Palms Academy.

Pinecrest Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. Pinecrest Academy (South Campus) paid Pinecrest Academy, Inc. approximately \$73,200 in connection with these charges during the year.

**Note 7 – Commitments and Contingencies**

The School entered into a lease and security agreement with Kendall Greens, LLC for its 52,396 square feet main campus facility including all ancillary facilities, outdoor areas and other improvements. The landlord is an affiliate of the School’s management company (See note 4). Initial fixed annual payments under this agreement (based on \$13.78 per square foot) are approximately \$721,000 adjusted annually based on the Consumer Price Index (CPI) plus additional property expenses including repairs, maintenance and insurance.

The agreement continues through July 31, 2026 with an option to renew for an additional five-year term. Under the agreement, the School must meet certain covenants and requirements, including a “Lease Payment Coverage Ratio” of not less than 1.10 to 1.00. In addition, the School is required under the terms of the lease agreements to maintain a reserve for property expenses such as repairs, maintenance, taxes and insurance equal to 5% of their gross revenues for the fiscal year. As of June 30, 2014, the required reserve was \$287,992, and reflected as restricted on statement of Net Position. Finally, under this agreement the School has granted a first lien on its pledged revenues, which include all revenues collected by the school from the Florida Department of Education, the District, and all other sources.

The school is leasing office equipment for approximately \$14,100 per year through 2019. For 2014, rent expense totaled \$823,617, of which approximately \$788,000 related to the facility leases.

Future minimum payments are as follows:

<u>Year</u>		
2015	\$	873,618
2016		873,618
2017		873,618
2018		873,618
2019		866,568
2020-2024		4,297,588 (Total for five year period)
2025-2026		1,719,035 (Total for two year period)
	<u>\$</u>	<u>10,377,663</u>

**Note 7 – Commitments and Contingencies (continued)**

Contingencies

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2014, administrative fees withheld by the School District totaled \$32,272.

The School participates in a number of Federal and State grant programs which are subject to audit in accordance with Office of Management and Budget Circular A-133 “Audits of States, Local Governments, and Non-Profit Organizations”. The School expects such expenditures, if any, which may be disallowed by the granting agencies to be immaterial.

**Note 8 – 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.

**Note 9 – Defined Contribution Retirement Plan**

The School’s personnel, who are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School provides a match of 50% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$13,487 for the year ended June 30, 2014. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by MassMutual Financial Group.

REQUIRED SUPPLEMENTARY INFORMATION



Pinecrest Academy (South Campus)  
(A charter school under Pinecrest Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2014

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 4,501,000	\$ 4,878,000	\$ 4,881,529
Charges for services	900,000	925,000	929,332
Interest and other revenues	100,000	115,000	117,336
Total Revenues	<u>5,501,000</u>	<u>5,918,000</u>	<u>5,928,197</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	2,700,000	2,740,000	2,723,575
Instructional Staff training Services	8,000	8,000	7,612
Board	16,000	16,000	15,739
School Administration	750,000	720,000	713,238
Fiscal Services	120,000	110,000	109,800
Central Services	130,000	126,000	125,971
Maintenance of Plant	150,000	120,000	117,962
Operation of Plant	781,440	800,000	791,572
Community services	200,000	520,000	514,357
Total Current Expenditures	<u>4,855,440</u>	<u>5,160,000</u>	<u>5,119,826</u>
Excess of Revenues Over Current Expenditures	<u>645,560</u>	<u>758,000</u>	<u>808,371</u>
Capital Outlay:			
Other Capital Outlay and intangible costs	95,000	147,000	146,615
Total Expenditures	<u>4,950,440</u>	<u>5,307,000</u>	<u>5,266,441</u>
Excess of Revenues Over Expenditures	550,560	611,000	661,756
Other Financing Sources			
Transfers in (out)	-	14,544	16,667
Net advances to affiliates	-	(580,000)	(579,149)
Net Change in fund balance	550,560	45,544	99,274
Fund Balance at beginning of year	<u>1,750,635</u>	<u>1,750,635</u>	<u>1,750,635</u>
Fund Balance at end of year	<u>\$ 2,301,195</u>	<u>\$ 1,796,179</u>	<u>\$ 1,849,909</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Pinecrest Academy (South Campus)  
(A charter school under Pinecrest Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2014

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State capital outlay funding	\$ 347,700	\$ 364,455	\$ 364,455
Federal sources	21,561	19,000	19,379
School lunch program	175,000	175,000	175,229
Student lunch fees	65,000	65,000	66,020
Total Revenues	<u>609,261</u>	<u>623,455</u>	<u>625,083</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	6,000	6,000	5,923
Food Services	255,561	225,000	224,582
Operation of Plant	347,700	364,455	364,455
Total Current Expenditures	<u>609,261</u>	<u>595,455</u>	<u>594,960</u>
Excess of Revenues Over Current Expenditures	<u>-</u>	<u>28,000</u>	<u>30,123</u>
Capital Outlay:			
Other Capital Outlay		13,456	13,456
Total Capital Outlay	<u>-</u>	<u>13,456</u>	<u>13,456</u>
Total Expenditures	<u>609,261</u>	<u>608,911</u>	<u>608,416</u>
Excess of Revenues Over Expenditures	-	14,544	16,667
Other financing sources:			
Transfers in (out)	<u>-</u>	<u>(14,544)</u>	<u>(16,667)</u>
Net change in fund balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

INDEPENDENT AUDITOR'S 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  
Pinecrest Academy (South Campus)  
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 Pinecrest Academy (South Campus) (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 August 29, 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 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 of 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*.

We noted certain matters that we reported to management in a separate management letter dated August 29, 2014 pursuant to Chapter 10.850, Rules of the Auditor General.

## 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 29, 2014

## MANAGEMENT LETTER

Board of Directors of  
Pinecrest Academy (South Campus)  
Miami, Florida

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

We have audited the financial statements of the governmental activities and each major fund of Pinecrest Academy (South Campus) as of and for the year ended June 30, 2014 and have issued our report thereon dated August 29, 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 Auditors' 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*. Disclosure in those reports, which are dated August 29, 2014, should be considered in conjunction with this management letter. See status of prior year findings and recommendations in other matters.

### **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.

### **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 Pinecrest Academy (South Campus) 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 Pinecrest Academy (South Campus) did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

## **Financial Condition (Continued)**

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 Pinecrest Academy (South Campus). It is management's responsibility to monitor Pinecrest Academy (South Campus) 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. We have applied such procedures as of the fiscal year end and no deteriorating financial condition has been noted.

## **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 Pinecrest Academy (South Campus) maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In Connection with our audit, we determined that Pinecrest Academy (South Campus) 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.

### ML 2014-01 Internal Account

Observation: Based on our testing of the internal fund, we noted some deposits did not have recap sheets for all items deposited or lacked evidence of second review by the treasurer. We also noted certain disbursements did not have the required two signatures.

Recommendation: We recommend that the School adheres to its internal control policies relating to the Internal account relating to deposits, recap sheets and disbursements.

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 Pinecrest Academy (South Campus).

**Status of Prior Year Findings and Recommendations**

ML13-01 – Internal account: During the current year audit, it was noted that general fundraising activity is reflected in the School’s revenues, expenses and net position. Fiduciary activity is excluded from such and reflected as a liability.

ML13-02 – Capital assets: During the current year audit, we noted that the reconciliation was performed and the asset manager totals agreed to the trial balance.

**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 Florida House of Representatives, the Florida Auditor General, School Board of Dade County, 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.

Coral Gables, Florida  
August 29, 2014

  
CERTIFIED PUBLIC ACCOUNTANTS

**Pinecrest Academy South Campus**

August 25, 2014

HLB Gravier, LLP  
396 Alhambra Circle, 9<sup>th</sup> Floor  
Coral Gables, FL 33134

RE: MANAGEMENT'S RESPONSES TO AUDITOR'S RECOMMENDATION

The following is the response by the School's Board of Directors to your recommendation:

**ML 2014-01 – INTERNAL ACCOUNT**

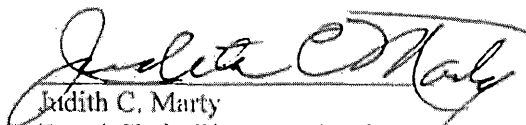
**Recommendation**

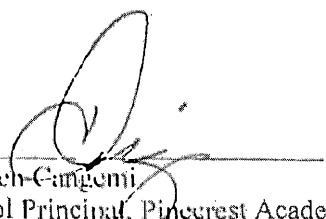
We recommend that the School adheres to its internal control policies relating to the Internal account relating to deposits, recap sheets and disbursements.

**Management Responses**

Management will adhere to auditor's recommendation. Management will enforce the two signature disbursement policy, as well as perform regular reviews of all disbursement checks and deposit recap sheets.

Sincerely,

  
Judith C. Marty  
Board Chair, Pinecrest Academy, Inc.

  
Carmel Cangemi  
School Principal, Pinecrest Academy  
South Campus