

**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

JUNE 30, 2012

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

JUNE 30, 2012

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

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

**2011-2012**

**BOARD OF DIRECTORS**

Mr. Wendall Carr, President  
Dr. John Pittman, Secretary  
Ms. Geraldine Townsend  
Mr. Nestor Torres  
Ms. Evelyn Quiñones  
Ms. Sheila Simms-Watson

**SCHOOL ADMINISTRATION**

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

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Coral Reef Montessori Academy Charter School (the "School"), a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the School's 2011 financial statements and, in our report dated August 31, 2011 we expressed unqualified opinions on the respective financial statements of the governmental activities and the general fund.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2012, 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 schedules on pages 4 through 10 and 25 and 26, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing 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.

*Verdeja & De Armas, CPA*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 31, 2012

**Management's Discussion and Analysis**  
Coral Reef Montessori Academy Charter School  
June 30, 2012

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, 2012.

**Financial Highlights**

1. The assets of the School exceeded its liabilities at June 30, 2012 by \$1,139,087 (net assets).
2. At year-end, the School had current assets on hand of \$720,354.
3. The net assets of the School decreased by \$80,808 during the year.

***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, 2012 are presented under GASB 34. 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 Assets* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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 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. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Government 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 13 - 16 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 Assets because it cannot use these funds to finance its operations. The agency fund statement can be found on page 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 - 24 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. In the case of the School, assets exceeded liabilities by \$1,139,087 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2012 and 2011 follows:

<b>Assets</b>	<u>2012</u>	<u>2011</u>
Cash	\$ 498,176	\$ 780,607
Due from governmental agencies & internal fund	222,178	82,600
Prepaid expenses and other assets	-	28,642
Capital assets, net	<u>4,104,909</u>	<u>4,176,299</u>
Total Assets	<u><u>\$ 4,825,263</u></u>	<u><u>\$ 5,068,148</u></u>
<b>Liabilities and Net Assets</b>		
Accounts and wages payable	\$ 184,846	\$ 271,377
Note payable	<u>3,501,330</u>	<u>3,576,876</u>
Total Liabilities	3,686,176	3,848,253
Invested in capital assets, net of related debt	603,579	599,423
Unrestricted	<u>535,508</u>	<u>620,472</u>
Total Net Assets	<u><u>1,139,087</u></u>	<u><u>1,219,895</u></u>
Total Liabilities and Net Assets	<u><u>\$ 4,825,263</u></u>	<u><u>\$ 5,068,148</u></u>

At June 30, 2012, the School's total assets were approximately \$4,825,000 and total liabilities were approximately \$3,686,000. The School's assets and liabilities declined by approximately \$243,000 and \$162,000, respectively primarily due to depreciation of fixed assets and use of the School's resources for the repayment of debt.

At the end of the fiscal year, the School is able to report continued positive balances in the categories of net assets despite a net decrease of \$80,808 for the year ended June 30, 2012.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2012 and 2011 were as follows:

REVENUES	2012	2011
Program Revenues		
Operating grants & contributions	\$ -	\$ 12,200
Federal sources	112,379	-
Capital outlay funding	144,263	208,298
Charges for services	525,868	475,000
General Revenues		
Grants & contributions	2,416,034	2,661,057
Miscellaneous revenue	25,337	23,483
Interest earnings	818	1,125
Total Revenues	<u>\$ 3,224,699</u>	<u>\$ 3,381,163</u>
EXPENSES		
Instructional services	\$ 1,837,586	\$ 1,935,609
Pupil personnel services	16,625	-
Instructional & curriculum development services	-	5,773
Instructional staff training services	7,363	15,059
Board	10,750	12,020
School administration	535,675	377,816
Facilities acquisition & construction	3,476	48,410
Fiscal services	32,523	30,481
Food services	86,453	64,921
Central services	-	81,147
Pupil transportation services	-	33,105
Operation of plant	135,029	206,974
Maintenance of plant	143,971	17,079
Administrative technology services	10,260	-
Community services	80,844	-
Interest expense	229,845	220,156
Unallocated depreciation	175,107	108,348
Total Expenses	<u>3,305,507</u>	<u>3,156,898</u>
Change in Net Assets	(80,808)	224,265
Net Assets at Beginning of Year	<u>1,219,895</u>	<u>995,630</u>
Net Assets at End of Year	<u>\$ 1,139,087</u>	<u>\$ 1,219,895</u>

The School's net assets decreased by approximately \$80,000 for the year ended June 30, 2012. For the year ended June 30, 2012, the School's revenues were approximately \$3,225,000 and overall decreased by approximately \$156,000 from prior year due mainly because of a

decrease in FEFP funding due to state budget cuts. For the year ended June 30, 2012, the School's total expenses were approximately \$3,305,000 which was an overall increase of approximately \$149,000 from prior year. The increase was due mainly to an increase in depreciation expense of approximately \$67,000.

If the School computed its Change in Net Assets before Unallocated Depreciation, (a non-cash expense) of \$175,107, its Change in Net Assets would be an increase in Net Assets of \$94,299.

### **Achievement**

The School received a letter grade of "A" for the 2011-2012 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.

We were particularly pleased with our 8<sup>th</sup> graders who had amongst the highest reading scores in the district, with only three schools scoring better than Coral Reef Montessori Academy Charter School. Our greatest achievement was "having met the requirements 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." This prestigious accreditation agency (SACS), is the largest in the world and our status is valid through 2017.

The School's students and staff, ever mindful of their humanity obligations, received recognition from a number of community based organizations for their support. The Fairchild Challenge Award, with six of our students receiving awards and we placed 3<sup>rd</sup> in the Florida School Garden competition for multi-age classrooms. Our chess club came in fourth for the South Regional Chess tournament grades K-1.

We also supported the American Cancer Society and exceeded our goal for the United Way Campaign and were the National Champion for Charter Schools. The Peace Committee, a group of students who represent our school at the United Nations each year to learn about and discuss world issues and pick a project to help the less fortunate chose "Save the Rain" for their project. They also raised money to help bring clean water to West African Villages. Locally, the school continues to support food drives, the Camillus House and Community Partnership for the Homeless.

### **School Location**

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

### **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 \$535,508, a decrease of \$84,964 in comparison with the prior year.

### **Capital Assets**

The School's investment in capital assets as of June 30, 2012 amounts to \$4,104,909 (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, 2012, the School purchased \$103,717 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, 2012 was \$3,501,330. For the year ended June 30, 2012, the School made principal repayments of \$75,546.

### **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
<b>REVENUES</b>			
State passed through local	\$ 2,428,751	\$ 2,570,300	\$ 2,416,034
Federal sources	5,025	48,325	45,031
Federal school lunch and contributions	30,000	64,500	67,348
State capital outlay funding	152,989	160,000	144,263
Charges for services and other grants	593,500	485,000	525,868
Miscellaneous and interest income	200	200	26,155
<b>TOTAL REVENUES</b>	<b><u>\$ 3,210,465</u></b>	<b><u>\$ 3,328,325</u></b>	<b><u>\$ 3,224,699</u></b>
<b>EXPENDITURES</b>			
Instructional services	\$ 2,068,004	\$ 2,032,649	\$ 1,878,220
Pupil personnel services	-	16,625	16,625
Instructional and curriculum development services	4,000	-	-
Instructional staff training services	9,700	7,400	7,363
Board	12,000	12,000	10,750
School administration	273,861	505,100	535,675
Facilities acquisition, construction and other capital outlay	386,000	57,000	44,857
Fiscal services	14,476	36,300	32,523
Food services	61,160	85,700	86,453
Community services	89,432	53,600	80,844
Administrative technology services	22,796	-	10,260
Operation of plant	183,288	112,500	135,029
Maintenance of plant	11,600	73,900	165,673
Debt services	-	287,300	305,391
<b>TOTAL EXPENDITURES</b>	<b><u>3,136,317</u></b>	<b><u>3,280,074</u></b>	<b><u>3,309,663</u></b>
 Net change in fund balance	 <b><u>\$ 74,148</u></b>	 <b><u>\$ 48,251</u></b>	 <b><u>\$ (84,964)</u></b>

### **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 ASSETS**  
**JUNE 30, 2012 AND 2011 (SUMMARIZED COMPARATIVE INFORMATION)**

	Governmental Activities	
	2012	2011 (Summarized Comparative Information)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 498,176	\$ 780,607
Accounts receivable	1,100	-
Due from internal fund	221,078	82,600
Prepaid expenses and other assets	-	28,642
Total current assets	<u>720,354</u>	<u>891,849</u>
<b>CAPITAL ASSETS</b>		
Land	980,909	980,909
Building and improvements	3,562,183	3,499,100
Less accumulated depreciation	(608,583)	(473,942)
Improvements other than buildings	90,000	90,000
Less accumulated depreciation	(6,925)	(4,617)
Furniture, fixtures and computer equipment	211,241	170,607
Less accumulated depreciation	(123,916)	(85,758)
Total capital assets	<u>4,104,909</u>	<u>4,176,299</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,825,263</u></u>	<u><u>\$ 5,068,148</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 17,109	\$ 47,378
Wages payable	167,737	223,999
Note payable - current portion	88,186	82,432
Total current liabilities	<u>273,032</u>	<u>353,809</u>
Note payable - long term portion	<u>3,413,144</u>	<u>3,494,444</u>
<b>TOTAL LIABILITIES</b>	<u>3,686,176</u>	<u>3,848,253</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	603,579	599,423
Unrestricted	535,508	620,472
<b>TOTAL NET ASSETS</b>	<u>1,139,087</u>	<u>1,219,895</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 4,825,263</u></u>	<u><u>\$ 5,068,148</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, 2012 AND 2011 (SUMMARIZED COMPARATIVE INFORMATION)**

Functions	2012				2011	
	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 Assets	Net (Expense) Revenue and Change in Net Assets
<b>Governmental Activities:</b>						
Instructional services	\$ 1,837,586	\$ 525,868	\$ 45,031	\$ -	\$ (1,266,687)	\$ (1,448,409)
Pupil personnel services	16,625	-	-	-	(16,625)	-
Instructional and curriculum development services	-	-	-	-	-	(5,773)
Instructional staff training services	7,363	-	-	-	(7,363)	(15,059)
Board	10,750	-	-	-	(10,750)	(12,020)
School administration	535,675	-	-	-	(535,675)	(377,816)
Facilities acquisition & construction	3,476	-	-	144,263	140,787	159,888
Fiscal services	32,523	-	-	-	(32,523)	(30,481)
Food services	86,453	-	67,348	-	(19,105)	(64,921)
Central services	-	-	-	-	-	(81,147)
Pupil transportation services	-	-	-	-	-	(33,105)
Operation of plant	135,029	-	-	-	(135,029)	(206,974)
Maintenance of plant	143,971	-	-	-	(143,971)	(17,079)
Administrative technology services	10,260	-	-	-	(10,260)	-
Community services	80,844	-	-	-	(80,844)	-
Interest on long-term debt	229,845	-	-	-	(229,845)	(220,156)
Unallocated depreciation expense	175,107	-	-	-	(175,107)	(108,348)
<b>Total Governmental Activities</b>	<b>\$ 3,305,507</b>	<b>\$ 525,868</b>	<b>\$ 112,379</b>	<b>\$ 144,263</b>	<b>\$ (2,522,997)</b>	<b>\$ (2,461,400)</b>
GENERAL REVENUES:						
				\$ 2,416,034	\$ 2,661,057	
				818	1,125	
				25,337	23,483	
				<u>2,442,189</u>	<u>2,685,665</u>	
				(80,808)	224,265	
				<u>1,219,895</u>	<u>995,630</u>	
				<u>\$ 1,139,087</u>	<u>\$ 1,219,895</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, 2012 AND 2011 (SUMMARIZED COMPARATIVE INFORMATION)**

	2012	2011
	General Fund	(Summarized Comparative Information)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 498,176	\$ 780,607
Accounts receivable	1,100	-
Due from internal fund	221,078	82,600
Prepaid expenses	-	28,642
<b>TOTAL ASSETS</b>	<b>\$ 720,354</b>	<b>\$ 891,849</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 17,109	\$ 47,378
Wages payable	167,737	223,999
<b>TOTAL LIABILITIES</b>	<b>184,846</b>	<b>271,377</b>
<b>FUND BALANCE</b>		
Nonspendable		
Prepaid expenses	-	28,642
Unassigned	535,508	591,830
<b>TOTAL FUND BALANCE</b>	<b>535,508</b>	<b>620,472</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 720,354</b>	<b>\$ 891,849</b>

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 ASSETS**  
**JUNE 30, 2012**

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Total Fund Balance - Governmental Funds \$ 535,508

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

Capital assets of \$4,844,333, net of accumulated depreciation of \$739,424 used in governmental activities are not financial resources and therefore are not reported in the fund. 4,104,909

Long-term liabilities of \$3,501,330 are not due and payable in the current period and therefore, are not reported in the funds. (3,501,330)

Total Net Assets - Governmental Activities \$ 1,139,087

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, 2012 AND 2011 (SUMMARIZED COMPARATIVE INFORMATION)**

	2012			Total Governmental Funds	2011 (Summarized Comparative Information)
	General Fund	Special Revenue Fund	Capital Projects Fund		
<b>REVENUES</b>					
State passed through local	\$ 2,416,034	\$ -	\$ -	\$ 2,416,034	\$ 2,673,257
State capital outlay funding		-	144,263	144,263	208,298
Federal school lunch and contributions	-	67,348	-	67,348	-
Federal sources		45,031	-	45,031	-
Charges for services and other grants	525,868	-	-	525,868	475,000
Miscellaneous income	25,337	-	-	25,337	23,483
Interest	818	-	-	818	1,125
<b>TOTAL REVENUES</b>	<b>\$ 2,968,057</b>	<b>\$ 112,379</b>	<b>\$ 144,263</b>	<b>\$ 3,224,699</b>	<b>\$ 3,381,163</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instructional services	\$ 1,780,057	\$ 45,031	\$ 53,132	\$ 1,878,220	\$ 1,951,650
Pupil personnel services	16,625	-	-	16,625	-
Instructional and curriculum development services	-	-	-	-	5,773
Instructional staff training services	7,363	-	-	7,363	15,059
Board	10,750	-	-	10,750	12,020
School administration	535,675	-	-	535,675	377,816
Facilities acquisition & construction	-	-	20,285	20,285	93,197
Fiscal services	32,523	-	-	32,523	30,481
Food services	19,105	67,348	-	86,453	64,921
Central services	-	-	-	-	81,147
Pupil transportation services	-	-	-	-	33,105
Operation of plant	135,029	-	-	135,029	146,145
Maintenance of plant	119,399	-	46,274	165,673	17,079
Administrative technology services	10,260	-	-	10,260	-
Community services	80,844	-	-	80,844	-
<b>Capital Outlay:</b>					
Other capital outlay	-	-	24,572	24,572	118,085
<b>Debt Service:</b>					
Redemption of principal	75,546	-	-	75,546	78,023
Interest	229,845	-	-	229,845	220,156
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,053,021</b>	<b>\$ 112,379</b>	<b>\$ 144,263</b>	<b>\$ 3,309,663</b>	<b>\$ 3,244,657</b>
Net change in fund balance	(84,964)	-	-	(84,964)	136,506
Fund balance, beginning of year	620,472	-	-	620,472	483,966
Fund balance, end of year	<b>\$ 535,508</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 535,508</b>	<b>\$ 620,472</b>

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

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Net Change in Fund Balance - Governmental Funds \$ (84,964)

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 \$175,107 exceeded capital outlays of \$103,717. (71,390)

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 \$75,546 exceeded proceeds of \$0 in the current period. 75,546

Change in Net Assets of Governmental Activities \$ (80,808)

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, 2012**

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	<b>Agency Fund</b>
	<b>Student Activity</b>
<b>ASSETS</b>	
Cash	\$ 221,078
TOTAL ASSETS	<u>\$ 221,078</u>
<b>LIABILITIES</b>	
Due to student groups	\$ -
Due to general fund	221,078
TOTAL LIABILITIES	<u>\$ 221,078</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, 2012**

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**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

Coral Reef Montessori Academy Charter School, (the “School”) a component unit of the School Board of Miami-Dade County, Florida, the School is sponsored by its charter-holder, Coral Reef Montessori Academy Charter School, Inc. a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is comprised of 7 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, 2013 and the School applied for and was granted a contract renewal for an additional five year period by mutual agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the 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, 2012, when 404 students were enrolled in grades kindergarten through eighth and 74 students were enrolled in the pre-school program at the School for the year.

**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 assets 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, 2012**

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Additionally, the School reports the following fiduciary fund type:

Agency Funds

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

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

The financial statements of Coral Reef Montessori Academy Charter School, (the “School”) are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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. 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, 2012**

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Accounts receivable

Accounts receivable consists of pre-K tuition and after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

Due from Other Government or Agency

Due from other government 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, Depreciation and Amortization

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 Assets

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

- Invested in capital assets, net of related debt – 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.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. There were no restricted net assets for the year ending June 30, 2012.
- Unrestricted – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). There were \$0 in nonspendable fund balance at June 30, 2012.
- 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, 2012 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, 2012 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, 2012 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, 2012, 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, 2012**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

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

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

Subsequent Events

Subsequent events have been evaluated through August 31, 2012, which is the date the financial statements were available to be issued.

NOTE 3 – INCOME TAXES

The School 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, 2012:

	Balance 7/1/2011	Additions	Deletions	Balance 6/30/2012
Capital Assets				
Land	\$ 980,909	\$ -	\$ -	\$ 980,909
Building & improvements	3,499,100	63,083	-	3,562,183
Improvements other than buildings	90,000	-	-	90,000
Furniture & equipment	170,607	40,634	-	211,241
Total Capital Assets	\$ 4,740,616	\$ 103,717	\$ -	\$ 4,844,333
Less Accumulated Depreciation				
Building & improvements	\$ (473,942)	\$ (134,641)	\$ -	\$ (608,583)
Improvements other than buildings	(4,617)	(2,308)	-	(6,925)
Furniture & equipment	(85,758)	(38,158)	-	(123,916)
Total Accumulated Depreciation	\$ (564,317)	\$ (175,107)	\$ -	\$ (739,424)
Capital Assets, net	\$ 4,176,299			\$ 4,104,909

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**NOTE 5 – RELATED PARTIES**

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

**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, 2012 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. 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, 2012, the School’s co-directors were paid \$17,884 each for a total of \$35,768. The note payable agreement contains a financial covenant which includes a debt service coverage ratio. At June 30, 2012, the School was in compliance with this covenant.

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

	Balance 7/1/2011	Additions	Retirements	Balance 6/30/2012
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.	\$ 3,576,876	\$ -	\$ (75,546)	\$ 3,501,330

Maturities of long-term debt are as follows:

<u>Year Ended June 30</u>	
2013	\$ 88,186
2014	93,703
2015	<u>3,319,441</u>
Total	<u>\$ 3,501,330</u>

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**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, 2012, the carrying amount of the School's cash deposit accounts was \$498,176 (operating) and \$221,078 (agency) and the respective bank balances totaled \$513,413 (operating) and \$223,874 (agency). As of June 30, 2012, 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, 2012, the School contributed \$81,850 to the FRS.

REQUIRED SUPPLEMENTAL INFORMATION

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	GENERAL FUND		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 2,428,751	\$ 2,570,300	\$ 2,416,034
Federal sources	5,025	48,325	45,031
Federal school lunch and contributions	30,000	64,500	67,348
State capital outlay funding	152,989	160,000	144,263
Charges for services and other grants	593,500	485,000	525,868
Miscellaneous and interest income	200	200	26,155
<b>TOTAL REVENUES</b>	<b>\$ 3,210,465</b>	<b>\$ 3,328,325</b>	<b>\$ 3,224,699</b>
<b>EXPENDITURES</b>			
Instructional services	\$ 2,068,004	\$ 2,032,649	\$ 1,878,220
Pupil personnel services	-	16,625	16,625
Instructional and curriculum development services	4,000	-	-
Instructional staff training services	9,700	7,400	7,363
Board	12,000	12,000	10,750
School administration	273,861	505,100	535,675
Facilities acquisition, construction and other capital outlay	386,000	57,000	44,857
Fiscal services	14,476	36,300	32,523
Food services	61,160	85,700	86,453
Community services	89,432	53,600	80,844
Administrative technology services	22,796	-	10,260
Operation of plant	183,288	112,500	135,029
Maintenance of plant	11,600	73,900	165,673
Debt services	-	287,300	305,391
<b>TOTAL EXPENDITURES</b>	<b>3,136,317</b>	<b>3,280,074</b>	<b>3,309,663</b>
 Net change in fund balance	 <b>\$ 74,148</b>	 <b>\$ 48,251</b>	 <b>\$ (84,964)</b>

See accompanying note to required supplemental information.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**SPECIAL REVENUE AND CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Special Revenue and Capital Projects Fund</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Federal sources	\$ 5,025	\$ 48,325	\$ 45,031
State capital outlay funding	152,989	160,000	144,263
Federal school lunch and contributions	30,000	64,500	67,348
<b>TOTAL REVENUES</b>	<u>\$ 188,014</u>	<u>\$ 272,825</u>	<u>\$ 256,642</u>
<b>EXPENDITURES</b>			
Instructional services	\$ 80,000	\$ 98,500	\$ 98,163
Other capital outlay	16,854	31,625	24,572
Food services	61,160	85,700	67,348
Maintenance of plant	-	-	46,274
Facilities acquisition & construction	30,000	57,000	20,285
<b>TOTAL EXPENDITURES</b>	<u>188,014</u>	<u>272,825</u>	<u>256,642</u>
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, 2012**

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NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2012 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

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

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities and each major fund of Coral Reef Montessori Academy Charter School, (the "School") a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 31, 2012. 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.

Internal Control Over Financial Reporting

Management of the School, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any

deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the Schools' management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, federal and state awarding agencies, the State of Florida Office of the Auditor General and other pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 31, 2012

## MANAGEMENT LETTER

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

We have audited the basic financial statements of the governmental activities and each major fund of Coral Reef Montessori Academy Charter School (the "School"), a non-major component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 2012.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated August 31, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, *Rules of the Auditor General*, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

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

### OUTSTANDING ITEMS ON BANK RECONCILIATION

#### Observation

We noted during our audit that the bank reconciliation for the operating and internal fund account had several outstanding items that were old and needed to be removed.

#### Recommendation

Outstanding checks must be reviewed timely. Any checks outstanding for over six months should be voided and new checks issued, if necessary.

➤

- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such violations.
- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statement, considering both quantitative and qualitative factors: (1) violations of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Coral Reef Montessori Academy Charter School.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Coral Reef Montessori Academy Charter School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures as of June 30, 2012, which included calculation and analysis of certain financial indicators we considered relevant to the School. Our financial condition assessment procedures did not include the use of benchmarks. It is management's responsibility to monitor Coral Reef Montessori Academy Charter 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 management. We applied such procedures and no deteriorating financial condition has been noted.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of Coral Reef Montessori Academy Charter School's management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, and the State of Florida Office of the Auditor General, and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 31, 2012