

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

BASIC FINANCIAL STATEMENTS,  
INDEPENDENT AUDITORS' REPORT AND  
SUPPLEMENTAL INFORMATION

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

JUNE 30, 2013

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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

**2012-2013**

**BOARD OF DIRECTORS**

Mr. Wendall Carr, President  
Dr. John Pittman, Secretary  
Ms. Geraldine Townsend  
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Ms. Evelyn Quiñones  
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**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

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Coral Reef Montessori Academy Charter School (the "School"), a charter school under Coral Reef Montessori Academy Charter School, Inc., and component unit of the District School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and the budgetary comparison information on pages 26 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

combining and individual nonmajor fund financial statements and are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2013, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 2, 2013

**Management's Discussion and Analysis**  
Coral Reef Montessori Academy Charter School  
June 30, 2013

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, 2013.

**Financial Highlights**

1. The assets of the School exceeded its liabilities at June 30, 2013 by \$1,075,843 (net position).
2. At year-end, the School had current assets on hand of \$656,154.
3. The net position of the School decreased by \$63,244 during the year.
4. The unrestricted net position at June 30, 2013 was \$424,911.

***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, 2013 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

***Government-Wide Financial Statements***

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The difference is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

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

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

***Fund Financial Statements***

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

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

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

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

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

#### *Notes to Financial Statements*

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

The notes to the financial statements can be found on pages 19 - 25 of this report.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a school's financial position. In the case of the School, assets exceeded liabilities by \$1,075,843 at the close of the fiscal year. A summary of the School's net position as of June 30, 2013 and 2012 follows:

	<b>Assets</b>	<u>2013</u>	<u>2012</u>
Cash		\$ 440,131	\$ 498,176
Due from governmental agencies & internal fund		216,023	222,178
Capital assets, net		<u>4,057,135</u>	<u>4,104,909</u>
Total Assets		<u><u>\$ 4,713,289</u></u>	<u><u>\$ 4,825,263</u></u>
<b>Liabilities and Net Position</b>			
Accounts and wages payable		\$ 231,243	\$ 184,846
Note payable		<u>3,406,203</u>	<u>3,501,330</u>
Total Liabilities		3,637,446	3,686,176
Net investment in capital assets		650,932	603,579
Unrestricted		<u>424,911</u>	<u>535,508</u>
Total Net Position		<u><u>1,075,843</u></u>	<u><u>1,139,087</u></u>
Total Liabilities and Net Position		<u><u>\$ 4,713,289</u></u>	<u><u>\$ 4,825,263</u></u>

At June 30, 2013, the School's total assets were \$4,713,289 and total liabilities were \$3,637,446. The School's assets and liabilities declined by \$111,974 and \$48,730, respectively primarily due to depreciation of fixed assets and use of the School's resources for the repayment of long-term debt. At the end of the fiscal year, the School is able to report a continued positive balance of \$1,075,843 in the categories of net position despite a net decrease of \$63,244 for the year ended June 30, 2013.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2013 and 2012 were as follows:

REVENUES	2013	2012
Program Revenues		
Operating grants & contributions	\$ -	\$ -
Federal sources	38,645	112,379
Capital outlay funding	152,000	144,263
Charges for services	199,383	525,868
General Revenues		
Grants & contributions	2,577,260	2,416,034
Miscellaneous revenue	32,227	25,337
Interest earnings	1,387	818
Total Revenues	<u>\$ 3,000,902</u>	<u>\$ 3,224,699</u>
EXPENSES		
Instructional services	\$ 1,791,224	\$ 1,837,586
Pupil personnel services	22,825	16,625
Instructional staff training services	33,410	7,363
Board	22,642	10,750
School administration	416,256	535,675
Facilities acquisition & construction	5,284	3,476
Fiscal services	98,229	32,523
Food services	33,659	86,453
Operation of plant	124,603	135,029
Maintenance of plant	102,181	143,971
Administrative technology services	11,850	10,260
Community services	45,142	80,844
Interest expense	228,261	229,845
Unallocated depreciation	128,580	175,107
Total Expenses	<u>3,064,146</u>	<u>3,305,507</u>
Change in Net Position	(63,244)	(80,808)
Net Position at Beginning of Year	<u>1,139,087</u>	<u>1,219,895</u>
Net Position at End of Year	<u>\$ 1,075,843</u>	<u>\$ 1,139,087</u>

The School's net position decreased by \$63,244 for the year ended June 30, 2013. For the year ended June 30, 2013, the School's revenues were \$3,000,902 and overall decreased by \$223,797. For the year ended June 30, 2012, the School's total expenses were \$3,064,146 which was an overall decrease of approximately \$241,361 from prior year. The decrease in total revenues and expenses was due to the transfer of preschool and after-care fees to a separate for profit entity.

If the School computed its Change in Net Position before Unallocated Depreciation, (a non-cash expense) of \$128,581, its Change in Net Position would be an increase in Net Position of \$65,337.

### **Achievement**

The School received a letter grade of “B” for the 2012-2013 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 believe the drop in grade from an “A” to a “B” was a common finding throughout the District and State. For example, in 2012, 48% of the schools throughout the state were an “A” as compared to only 29% in 2013. In part, this decrease in student achievement scores had to do with the more rigorous grading system that was implemented within the State for 2013. Furthermore, the transition from New Generation Sunshine State Standards to Common Core Standards left a gap for many teachers who have not been trained in Common Core or are novice at the very least. Coral Reef Montessori Academy Charter School sent 40% of its staff over the summer to get trained in the Common Core throughout the curriculum and in all grade levels. We also created a lead teacher position, where the teacher will assist and support the teachers’ implementing effective, best practices in the classroom.

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. We are Full Member School with American Montessori Association, and are members of the South Florida Consortium of Charter Schools and Florida Charter School Alliance.

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

We also supported the St. Jude’s Children Hospital, the American Cancer Society and exceeded our goal for the United Way Campaign as one of the National Champion’s 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. This entailed raising 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.

### **Capital Improvement Requirement**

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

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

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

### **Governmental Funds**

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental funds reported combined ending fund balances of \$424,911, a decrease of \$110,597 in comparison with the prior year.

### **Capital Assets**

The School's investment in capital assets as of June 30, 2013 amounts to \$4,057,135 (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, 2013, the School purchased \$80,806 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, 2013 was \$3,406,203. For the year ended June 30, 2013, the School made principal repayments of \$95,127.

### **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	\$ 2,456,976	\$ 2,456,976	\$ 2,577,260
Federal school lunch and contributions	30,000	30,000	38,645
State capital outlay funding	156,139	156,139	152,000
Charges for services and other grants	593,700	593,700	199,383
Miscellaneous and interest income	-	-	33,614
TOTAL REVENUES	<u>\$ 3,236,815</u>	<u>\$ 3,236,815</u>	<u>\$ 3,000,902</u>
<b>EXPENDITURES</b>			
Instructional services	\$ 2,068,004	\$ 2,068,004	\$ 1,791,224
Pupil personnel services	-	-	22,825
Instructional and curriculum development services	4,000	4,000	-
Instructional staff training services	9,700	9,700	33,410
Board	12,000	12,000	22,642
School administration	485,057	485,057	416,257
Facilities acquisition, construction and other capital outlay	50,000	50,000	86,090
Fiscal services	14,476	14,476	98,229
Food services	36,000	36,000	33,659
Community services	-	-	45,142
Administrative technology services	-	-	11,850
Operation of plant	138,000	138,000	124,603
Maintenance of plant	11,600	11,600	102,181
Debt services	339,150	339,150	323,388
TOTAL EXPENDITURES	<u>3,167,987</u>	<u>3,167,987</u>	<u>3,111,500</u>
Net change in fund balance	<u>\$ 68,828</u>	<u>\$ 68,828</u>	<u>\$ (110,598)</u>

### **Requests for Information**

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)**

	Governmental Activities	
	2013	2012 (Summarized Comparative Information)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 440,131	\$ 498,176
Accounts receivable	154,387	1,100
Due from internal fund	61,636	221,078
Prepaid expenses and other assets	-	-
Total current assets	<u>656,154</u>	<u>720,354</u>
<b>CAPITAL ASSETS</b>		
Land	980,909	980,909
Building and improvements	3,597,584	3,562,183
Less accumulated depreciation	(699,903)	(608,583)
Improvements other than buildings	90,000	90,000
Less accumulated depreciation	(9,233)	(6,925)
Furniture, fixtures and computer equipment	256,646	211,241
Less accumulated depreciation	(158,868)	(123,916)
Total capital assets	<u>4,057,135</u>	<u>4,104,909</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,713,289</u></u>	<u><u>\$ 4,825,263</u></u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 45,401	\$ 17,109
Wages payable	185,842	167,737
Note payable - current portion	93,703	88,186
Total current liabilities	<u>324,946</u>	<u>273,032</u>
Note payable - long term portion	<u>3,312,500</u>	<u>3,413,144</u>
<b>TOTAL LIABILITIES</b>	<u>3,637,446</u>	<u>3,686,176</u>
<b>NET POSITION</b>		
Net investment in capital assets	650,932	603,579
Unrestricted	424,911	535,508
<b>TOTAL NET POSITION</b>	<u>1,075,843</u>	<u>1,139,087</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 4,713,289</u></u>	<u><u>\$ 4,825,263</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, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)**

Functions	2013				2012	
	Expenses	Program Revenues			Governmental Activities	(Summarized Comparative Information)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
<b>Governmental Activities:</b>						
Instructional services	\$ 1,791,224	\$ 190,241	\$ -	\$ -	\$ (1,600,983)	\$ (1,266,687)
Pupil personnel services	22,825	-	-	-	(22,825)	(16,625)
Instructional staff training services	33,410	-	-	-	(33,410)	(7,363)
Board	22,642	-	-	-	(22,642)	(10,750)
School administration	416,256	-	-	-	(416,256)	(535,675)
Facilities acquisition & construction	5,284	-	-	-	(5,284)	140,787
Fiscal services	98,229	-	-	-	(98,229)	(32,523)
Food services	33,659	9,142	38,645	-	14,128	(19,105)
Operation of plant	124,603	-	-	29,666	(94,937)	(135,029)
Maintenance of plant	102,181	-	-	-	(102,181)	(143,971)
Administrative technology services	11,850	-	-	-	(11,850)	(10,260)
Community services	45,142	-	-	-	(45,142)	(80,844)
Interest on long-term debt	228,261	-	-	122,334	(105,927)	(229,845)
Unallocated depreciation expense	128,580	-	-	-	(128,580)	(175,107)
<b>Total Governmental Activities</b>	<b>\$ 3,064,146</b>	<b>\$ 199,383</b>	<b>\$ 38,645</b>	<b>\$ 152,000</b>	<b>\$ (2,674,118)</b>	<b>\$ (2,522,997)</b>
GENERAL REVENUES:						
				\$ 2,577,260	\$ 2,416,034	
				1,387	818	
				32,227	25,337	
				<u>2,610,874</u>	<u>2,442,189</u>	
				Change in Net Position	(63,244)	(80,808)
				NET POSITION - beginning of year	<u>1,139,087</u>	<u>1,219,895</u>
				NET POSITION - end of year	<u>\$ 1,075,843</u>	<u>\$ 1,139,087</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, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)**

	2013	2012
	General Fund	(Summarized Comparative Information)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 440,131	\$ 498,176
Accounts receivable	154,387	1,100
Due from internal fund	61,636	221,078
<b>TOTAL ASSETS</b>	<b>\$ 656,154</b>	<b>\$ 720,354</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 45,401	\$ 17,109
Wages payable	185,842	167,737
<b>TOTAL LIABILITIES</b>	<b>231,243</b>	<b>184,846</b>
<b>FUND BALANCE</b>		
Unassigned	424,911	535,508
<b>TOTAL FUND BALANCE</b>	<b>424,911</b>	<b>535,508</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 656,154</b>	<b>\$ 720,354</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 POSITION  
JUNE 30, 2013**

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Total Fund Balance - Governmental Funds \$ 424,911

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

Capital assets of \$4,925,139, net of accumulated depreciation of \$868,004 used in governmental activities are not financial resources and therefore are not reported in the fund. 4,057,135

Long-term liabilities of \$3,406,203 are not due and payable in the current period and therefore, are not reported in the funds. (3,406,203)

Total Net Position - Governmental Activities \$ 1,075,843

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, 2013 AND 2012 (SUMMARIZED COMPARATIVE INFORMATION)**

	2013			2012	
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds	(Summarized Comparative Information)
<b>REVENUES</b>					
State passed through local	\$ 2,577,260	\$ -	\$ -	\$ 2,577,260	\$ 2,416,034
State capital outlay funding	-	-	152,000	152,000	144,263
Federal school lunch and contributions	-	38,645	-	38,645	67,348
Federal sources	-	-	-	-	45,031
Charges for services and other grants	199,383	-	-	199,383	525,868
Miscellaneous income	32,227	-	-	32,227	25,337
Interest	1,387	-	-	1,387	818
<b>TOTAL REVENUES</b>	<b>\$ 2,810,257</b>	<b>\$ 38,645</b>	<b>\$ 152,000</b>	<b>\$ 3,000,902</b>	<b>\$ 3,224,699</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instructional services	\$ 1,791,224	\$ -	\$ -	\$ 1,791,224	\$ 1,878,220
Pupil personnel services	22,825	-	-	22,825	16,625
Instructional staff training services	33,410	-	-	33,410	7,363
Board	22,642	-	-	22,642	10,750
School administration	416,257	-	-	416,257	535,675
Facilities acquisition & construction	5,284	-	-	5,284	20,285
Fiscal services	98,229	-	-	98,229	32,523
Food services	-	33,659	-	33,659	86,453
Operation of plant	89,951	4,986	29,666	124,603	135,029
Maintenance of plant	102,181	-	-	102,181	165,673
Administrative technology services	11,850	-	-	11,850	10,260
Community services	45,142	-	-	45,142	80,844
<b>Capital Outlay:</b>					
Other capital outlay	80,806	-	-	80,806	24,572
<b>Debt Service:</b>					
Redemption of principal	95,127	-	-	95,127	75,546
Interest	105,927	-	122,334	228,261	229,845
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,920,855</b>	<b>\$ 38,645</b>	<b>\$ 152,000</b>	<b>\$ 3,111,500</b>	<b>\$ 3,309,663</b>
Net change in fund balance	(110,598)	-	-	(110,598)	(84,964)
Fund balance, beginning of year	535,508	-	-	535,508	620,472
Fund balance, end of year	<b>\$ 424,910</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 424,910</b>	<b>\$ 535,508</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, 2013**

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Net Change in Fund Balance - Governmental Funds \$ (110,598)

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 \$128,580 exceeded capital outlays of \$80,806. (47,774)

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 \$95,127 exceeded proceeds of \$0 in the current period. 95,127

Change in Net Position of Governmental Activities \$ (63,245)

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, 2013**

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	<b>Agency Fund Student Activity</b>
<b>ASSETS</b>	
Cash	<u>\$ 61,636</u>
TOTAL ASSETS	<u><u>\$ 61,636</u></u>
<b>LIABILITIES</b>	
Due to general fund	<u>\$ 61,636</u>
TOTAL LIABILITIES	<u><u>\$ 61,636</u></u>

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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NOTE 1 – ORGANIZATION AND OPERATIONS

**Reporting Entity**

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

The general operating authority of Coral Reef Montessori Academy Charter School, (the “School”) is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2018. 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, 2013, when 421 students were enrolled in grades kindergarten through eighth.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**

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

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

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

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

*Fund Financial Statements*

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Additionally, the School reports the following fiduciary fund type:

Agency Funds

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

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

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

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

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

**Budgetary Basis Accounting**

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Accounts receivable

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

Due from Other Government or Agency

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

Capital Assets

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

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

Long-term Debt

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

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

Compensated absences

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

Government-wide Fund Net Assets

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

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources.
- Restricted net 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 less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2013 was \$0.
- Unrestricted – all other net position is reported in this category.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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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, 2013.
- 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, 2013, 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, 2013, 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, 2013, 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, 2013, 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, 2013**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

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

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

Subsequent Events

Subsequent events have been evaluated through September 2, 2013, which is the date the financial statements were available to be issued.

NOTE 3 – INCOME TAXES

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

NOTE 4 –CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2013:

Capital Assets	Balance 7/1/2012	Additions	Deletions	Balance 6/30/2013
Land	\$ 980,909	\$ -	\$ -	\$ 980,909
Building & improvements	3,562,183	35,401	-	3,597,584
Improvements other than buildings	90,000	-	-	90,000
Furniture & equipment	211,241	45,405	-	256,646
Total Capital Assets	\$ 4,844,333	\$ 80,806	\$ -	\$ 4,925,139
Less Accumulated Depreciation				
Building & improvements	\$ (608,583)	\$ (91,320)	\$ -	\$ (699,903)
Improvements other than buildings	(6,925)	(2,308)	-	(9,233)
Furniture & equipment	(123,916)	(34,952)	-	(158,868)
Total Accumulated Depreciation	\$ (739,424)	\$ (128,580)	\$ -	\$ (868,004)
Capital Assets, net	\$ 4,104,909			\$ 4,057,135

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**NOTE 5 – RELATED PARTIES**

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

The School’s co-directors are owners of Coral Reef Montessori Academy, Inc. (the “Company”) a separate for-profit entity. The Company operates a pre-school and an after-school in the same facilities as the School. The Company reimburses the School for payroll and benefit related expenses and in addition pays a management fee to the School. For the year ended June 30, 2013, the School was reimbursed approximately \$332,000 for payroll and benefit related expenses. In addition, a management fee of approximately \$191,000 was paid to the School and is included in charges for services. The School had a receivable of \$134,932 at June 30, 2013 from the Company, which was paid subsequent to the fiscal year end.

**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, 2013 was \$0.

**NOTE 7 – NOTE PAYABLE**

On January 8, 2008, the School refinanced their note payable due to the high interest rate under the previous agreement signed on November 15, 2006. The new note is collateralized by the School’s building and land. The School’s co-directors are guarantors of the note payable as required by the bank to facilitate securing the note to the School. Even though the co-directors are personal guarantors on the note, they do not hold, or are entitled to, any security interest on the School’s building and land as these assets were acquired with government funds. In addition, the board of directors signed a resolution that would pay each of the co-directors .5% of the total loan outstanding for each year that they are listed as guarantors of the loan. For the year ended June 30, 2013, the School’s co-directors were paid \$17,543 each for a total of \$35,086. The note payable agreement contains a financial covenant which includes a debt service coverage ratio. At June 30, 2013, the School was not in compliance with this covenant.

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

	Balance 7/1/2012	Additions	Repayments	Balance 6/30/2013
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.	\$ 3,501,330	\$ -	\$ (95,127)	\$ 3,406,203

Maturities of long-term debt are as follows:

	<u>Year Ended June 30</u>
2014	93,703
2015	<u>3,312,500</u>
Total	<u>\$ 3,406,203</u>

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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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, 2013, the carrying amount of the School's cash deposit accounts was \$440,131 (operating) and \$61,636 (agency) and the respective bank balances totaled \$446,374 (operating) and \$62,490 (agency). As of June 30, 2013, 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, 2013, the School contributed \$72,353 to the FRS.

**NOTE 11 – RISK MANAGEMENT**

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

REQUIRED SUPPLEMENTAL INFORMATION

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 2,456,976	\$ 2,456,976	\$ 2,577,260
Federal school lunch and contributions	30,000	30,000	38,645
State capital outlay funding	156,139	156,139	152,000
Charges for services and other grants	593,700	593,700	199,383
Miscellaneous and interest income	-	-	33,614
<b>TOTAL REVENUES</b>	<b>\$ 3,236,815</b>	<b>\$ 3,236,815</b>	<b>\$ 3,000,902</b>
<b>EXPENDITURES</b>			
Instructional services	\$ 2,068,004	\$ 2,068,004	\$ 1,791,224
Pupil personnel services	-	-	22,825
Instructional and curriculum development services	4,000	4,000	-
Instructional staff training services	9,700	9,700	33,410
Board	12,000	12,000	22,642
School administration	485,057	485,057	416,257
Facilities acquisition, construction and other capital outlay	50,000	50,000	86,090
Fiscal services	14,476	14,476	98,229
Food services	36,000	36,000	33,659
Community services	-	-	45,142
Administrative technology services	-	-	11,850
Operation of plant	138,000	138,000	124,603
Maintenance of plant	11,600	11,600	102,181
Debt services	339,150	339,150	323,388
<b>TOTAL EXPENDITURES</b>	<b>3,167,987</b>	<b>3,167,987</b>	<b>3,111,500</b>
 Net change in fund balance	 <b>\$ 68,828</b>	 <b>\$ 68,828</b>	 <b>\$ (110,598)</b>

See accompanying note to required supplemental information.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**SPECIAL REVENUE AND CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Special Revenue and Capital Projects Fund</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
State capital outlay funding	\$ 156,139	\$ 156,139	\$ 152,000
Federal school lunch and contributions	30,000	30,000	38,645
<b>TOTAL REVENUES</b>	<u>\$ 186,139</u>	<u>\$ 186,139</u>	<u>\$ 190,645</u>
<b>EXPENDITURES</b>			
Food services	\$ 30,000	\$ 30,000	\$ 33,659
Facilities acquisition & construction	50,000	50,000	-
Operation of plant	-	-	34,652
Debt services	106,139	106,139	122,334
<b>TOTAL EXPENDITURES</b>	<u>\$ 186,139</u>	<u>\$ 186,139</u>	<u>\$ 190,645</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, 2013**

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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, 2013 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Coral Reef Montessori Academy Charter School (the "School"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 2, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 2, 2013

## 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, 2013, and have issued our report thereon dated September 2, 2013.

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 Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 2, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the charter 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.
- 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:

## CONTRACTS/AGREEMENTS

### Finding

The School's co-directors are in addition owners of a separate for-profit entity (the "Company") which operates the pre-school and after-care activities at the same facility as the School. The Company pays the School a fee for the use of the facilities including the reimbursement for payroll and benefit related expenses. However, there is no formal signed agreement between the School and the Company.

### Recommendation

The School should have a formal agreement specifying the monthly fee to be paid to the School and a description of the responsibilities of each party.

- 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 school. The official title of the school is Coral Reef Montessori Academy Charter School.
- Pursuant to Sections 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. 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 same. We applied such procedures and no deteriorating financial condition was noted.

The School's response to our finding and recommendation identified during our audit is described in the accompanying letter of management response. We did not audit the School's response and, accordingly, we express no opinion on it.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Coral Reef Montessori Academy Charter School's management, Board of Directors, others within the entity, and the District School Board of Miami-Dade County, and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 2, 2013

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**

**A Miami-Dade County Public School  
10853 SOUTH WEST 216 STREET  
MIAMI, FLORIDA 33170**

**PH (305) 255-0064**

**FAX (305) 255-4085**

August 29, 2013

To Whom It May Concern:

Based on the “Finding and the “Recommendation”, the School has contacted its lawyer to draw up a formal agreement specifying the monthly fee to be paid to the School and a description of the responsibilities of each party.