

**Lawrence Academy Middle School**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2013**

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**YEAR ENDED JUNE 30, 2013**

Introductory Summary	1
The financial Statements	
Report of the Independent Auditor	2
Management's Discussion & Analysis (Required Supplementary Information)	3-7
Government-Wide Financial Statements	8-9
Statement of net position	
Statement of Activities & changes in Net Position	
Fund Financial Statements	10-13
Balance Sheet	
Reconciliation of Fund Balance Sheet with Statements of Net Position	
Statements of Revenues Expenditures and Changes in Fund Balance	
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement on Activities	
Notes to the Financial Statements	14-18
Required Supplementary Information	
Budgetary Comparison	19
Report of the Independent Auditor on Compliance and Internal Control Over Financial Reporting	20-21
Management Letter	22-23
Management's Response	24

## **Lawrence Academy Middle School**

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

### **Introductory Summary**

#### **Name and Address**

Lawrence Academy Middle School  
530 SW 1<sup>st</sup> Street  
Florida City, Florida 33034

#### **Director**

Dr. Keitha Burnett

#### **Governing Board**

Althea King – Chairperson  
Lula Pearson – Vice-Chair  
Melvin Dennis – Board Member  
Lucy Santamira – Board Member  
Kenneth Cooper – Board Member



## **James Accounting & Tax Practice, P.A.**

10749 SW 104 Street, Miami FL 33176, Tel: 305-595-2886  
email: [verna@jamesaccounting.com](mailto:verna@jamesaccounting.com) Website: [www.jamesaccounting.com](http://www.jamesaccounting.com)

### **Report of Independent Auditor**

To The Board of Directors  
Lawrence Academy Middle School  
530 SW 1<sup>st</sup> Street  
Florida City, FL 33034

I have audited the accompanying government-wide and fund financial statements of Lawrence Academy Middle School (a department of Lawrence Academy Inc. and a component unit of Miami-Dade County School District) as listed in the table of contents as of June 30, 2013 and for the year then ended in accordance with generally accepted accounting principles. These statements are the responsibility of management; my responsibility is to express an opinion on these statements based on the audit.

I conducted the audit in accordance with generally accepted auditing standards in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States of America, as they relate to financial audits. These standards require that I plan and perform the audit to obtain reasonable assurance about whether these statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting principles used, and significant estimates made by management, and examining the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements mentioned in the first paragraph, present fairly, in all material respects, the financial position and changes in financial position of Lawrence Academy Middle School as of June 30, 2013 and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated August 27, 2013, on the consideration of the school's internal control over financial reporting, and the test of its compliance with certain provisions of laws, regulation, contracts and grants. The report on internal control is an integral part of the audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of the audit.

The management's discussion and analysis and the budget comparison are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board and the Auditor general of the State of Florida. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

*Verna James*

Verna James  
Certified Public Accountant

August 27, 2013

# **Lawrence Academy Middle School**

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

## **Management's Discussion and Analysis**

Year Ended June 30, 2013

The management of Lawrence Academy Middle School has prepared this discussion and analysis to serve as an introduction to the School's financial statements. The School's financial statements for the year ended June 30, 2013 are presented in accordance with GASB 34. The basic financial statements have 3 parts: government-wide financial statements, fund financial statements, and notes to the financial statements. In addition to the basic financial statements, the report also contains other required supplementary information.

### **Government-Wide Financial Statements (pages 8-9)**

The government-wide financial statements consist of the statement of net position and statement of activities, and are designed to provide readers with a broad overview of the school's finances. The statement of net position presents information on all the School's assets and liabilities, the difference between the two being described as net position. Increases or decreases in net asset may be an indicator of improvement or deterioration in the School's financial position.

The statement of activities presents information on how the School's net position changed during the past year. All changes in net position are reported when underlying event occurs without regard to the timing of related cash flows. Accordingly revenues and expenses are reported in this statement for some items for which the actual cash flows will result in the following year.

### **Fund Financial Statements (pages 10-13)**

A fund is a self balancing set of related accounts grouped together to maintain control over resources that have been provided for specific activities, projects, or objectives. The School uses fund accounting to ensure and report compliance with financial-related legal requirements. All the activities of the School are governmental activities, and are reported under the general fund. The fund financial statements report on the same activities included in the government-wide statements, but with a focus on near term inflows and outflows. The fund balance as of June 30, 2013, therefore excludes investments in fixed assets, and represents resources available for expenditure in the near term.

The School's Board adopts an annual budget for the general fund, and a budgetary comparison statement has been provided to demonstrate compliance with the budget.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information which is essential to a full understanding of the basic financial statements.

# Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

## Management's Discussion and Analysis

Year Ended June 30, 2013

### Analysis of Financial Statements

#### Government-Wide Financial Statements

At year's end the School had net position of \$99,822 compared with \$89,165 at the beginning of the year.

#### Statement of Net Position

<b>ASSETS</b>	June 30, 2013	June 30, 2012
	\$	\$
<b>CURRENT ASSETS:</b>		
Cash	35,269	53,062
Security Deposit	0	0
Due From Other Agencies	<u>565</u>	<u>77,924</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>35,824</b></u>	<u><b>130,986</b></u>
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture, Fixtures, and Equipment (Note 4)	<u>288,419</u>	208,685
Accumulated Depreciation	<u>(200,869)</u>	<u>(143,773)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u><b>87,550</b></u>	<u><b>64,921</b></u>
<b>Total Assets</b>	<u><b>123,374</b></u>	<u><b>195,898</b></u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Salaries, Benefits & Payroll Taxes Payable	3,431	95,836
Due to Other Agencies	13,677	0
Other accrued liabilities	<u>6,444</u>	<u>10,897</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>23,552</b></u>	<u><b>106,733</b></u>
<b>NET POSITION</b>		
Invested in capital assets	87,550	64,912
Restricted	0	12,289
Unrestricted (Note 2)	<u>12,272</u>	<u>11,964</u>
<b>TOTAL NET POSITION</b>	<u><b>99,822</b></u>	<u><b>89,165</b></u>
<b>Total Liabilities and Net Position</b>	<u><b>123,374</b></u>	<u><b>195,898</b></u>

## Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

### Management's Discussion and Analysis

June 30, 2013

The statement of activities shown below indicates reduction in revenues due to reduction in enrollment. Expenditures exceeded revenues, but a transfer of elementary school assets resulted in an increase in net position of \$10,657 for the year ended June 30, 2013 compared with a decrease of \$132,661 for the year ended June 30, 2012.

#### Statement of Activities and Changes in Net Position

	Year ended June 30, 2013	Year ended June 30, 2012
<b>REVENUES</b>	<b>\$</b>	<b>\$</b>
State Sources	512,902	713,007
Federal through State		
Charter School Capital Outlay	26,574	53,372
Other Federal Grants	69,861	135,328
Charges for Services and Other Local Sources	<u>13,779</u>	<u>3,817</u>
<b>Total Revenue</b>	<b>623,116</b>	<b>905,524</b>
<b>EXPENSES</b>		
Instruction	279,714	432,215
Pupil Personnel Services	2,028	26,016
Media Services	608	
Instruction Curriculum Development Services	2381	15,697
Instructional Staff Training Services	906	1,967
Board	9,731	6,767
General Administration	69,305	83,407
School Administration	35,120	43,560
Facilities Acquisition and Construction	18,589	205,353
Fiscal Services	27,943	21,363
Food Services	58,542	66,668
Central Services	5,396	4,879
Pupil Transportation Services	18,675	33,237
Operation of Plant	77,045	60,784
Maintenance of Plant	2,649	7,533
Administrative Technology Services	4,259	3,174
Community Services	1,028	3,718
Unallocated depreciation expenses	<u>37,863</u>	<u>21,847</u>
<b>Total Expenses</b>	<b>651,782</b>	<b>1,038,185</b>
Excess of Revenues over Expenditures	(28,666)	(132,661)
Extraordinary Item – Transfer of elementary sch. assets	<u>39,323</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<b>10,657</b>	<b>(132,661)</b>
NET POSITION AT THE BEGINNING OF YEAR	<u>89,165</u>	<u>221,826</u>
NET POSITION AT THE END OF YEAR	<u>99,822</u>	<u>89,165</u>

## Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

### Management's Discussion and Analysis

June 30, 2013

#### Fund Financial Statements and Budgetary Analysis

At year's end Lawrence Academy Middle School's governmental fund balances equaled \$12,272, which is the amount that is available for near term expenditures. The difference between fund balance and net position is the amount invested in fixed assets. The school achieved an increase of \$5,445 in fund balance for the year.

	Annual Budget Original & Final	Actual
	\$	\$
State Sources		
Florida Education Finance Program & Other State Programs	519,394	512,902
Federal through State		
Charter School Capital Outlay	48,000	26,574
Other Federal Grants	73,286	69,861
Local Sources	<u>6,728</u>	<u>13,779</u>
<b>Total Revenues</b>	<b>647,408</b>	<b>623,116</b>
Expenditures		
Instruction	238,543	279,714
Pupil Personnel Services	9,691	2,028
Media Services		608
Instruction Curriculum and Development Services	115	2,381
Instructional Staff Training Services	0	906
Board	7,704	9,731
General Administration	100,292	69,305
School Administration	64,665	35,120
Facilities Acquisition and Construction	52,855	18,589
Fiscal Services	28,420	27,943
Food Services	51,055	58,542
Central Services	6,019	5,396
Pupil Transportation Services	19,305	18,675
Operation of Plant	80,567	77,045
Maintenance of Plant	5,225	2,649
Administrative Technology Services	10,100	4,259
Community Services	0	1,028
Furniture Fixtures & equipment	<u>0,000</u>	<u>3,752</u>
Total Expenditures	<u>674,556</u>	<u>617,671</u>
Excess of Revenues over Expenditures	(27,148)	5,445
Transfer out – Share of Elementary Sch. deficit	<u>-</u>	<u>(17,426)</u>
<b>Net Change in Fund Balance</b>	<b>(27,148)</b>	<b>11,981</b>
Fund balance at beginning of the year	<u>24,253</u>	<u>24,253</u>
Fund balance at the end of the year	<u>(2,895)</u>	<u>12,272</u>

## Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

### Management's Discussion and Analysis

June 30, 2013

#### Enrollment

During the year the school enrolled students as follows:

	2012/2013	2011/2012
Grade 6	28	44
Grade 7	35	38
Grade 8	26	47
Total	89	129

#### Request for Information

This financial report is intended to provide an overview of the financial position of Lawrence Academy Middle School. Requests for additional information may be addressed to Dr. Keitha Burnett, Lawrence Academy, 530 SW 1<sup>st</sup> Street, Florida City, Florida 33034

**Lawrence Academy Middle School**  
(A Department of Lawrence Academy Inc. And a Component Unit of Miami Dade School District)  
**Statement of Net Position**  
**June 30, 2013**

**ASSETS**

	\$
CURRENT ASSETS:	
Cash	35,269
Other Receivables	0
Due From Other Agencies	<u>565</u>
TOTAL CURRENT ASSETS	<u>35,824</u>
PROPERTY AND EQUIPMENT:	
Furniture, Fixtures, and Equipment (Note 4)	288,419
Accumulated Depreciation	<u>(200,869)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>87,550</u>
<b>Total Assets</b>	<b><u>123,374</u></b>

**LIABILITIES AND NET POSITION**

CURRENT LIABILITIES:	
Salaries, Benefits & Payroll Taxes Payable	3,431
Due to Other Agencies	13,677
Other Payables	<u>6,444</u>
TOTAL CURRENT LIABILITIES	<u>23,552</u>
NET POSITION (Note 2)	
Invested in capital assets	87,550
Restricted	
Unrestricted	<u>12,272</u>
TOTAL NET POSITION	<u>99,822</u>
<b>Total Liabilities and Net Position</b>	<b><u>123,374</u></b>

The notes on pages 14-18 are an integral part of these financial statements.

## Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

### Statement of Activities and Changes in Net Position

Year Ended June 30, 2013

FUNCTIONS	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Component Unit Activities
	\$	\$	\$	\$	\$
<b>Component Unit Activities:</b>					
Instruction	279,714		25,870		(253,844)
Pupil Personnel Services	2,028				(2,028)
Media Services	608				(608)
Instruction and Curriculum Development Services	2,381				(2,381)
Instructional Staff Training Services	906				(906)
Board	9,731				(9,731)
General Administration	69,305				(69,305)
School Administration	35,120				(35,120)
Facilities Acquisition and Construction	18,589			18,589	(0)
Fiscal Services	27,943				(27,943)
Food Services	58,542		43,991		(14,551)
Central Services	5,396				(5,396)
Pupil Transportation Services	18,675				(18,675)
Operation of Plant	77,045			7,985	(69,060)
Maintenance of Plant	2,649				(2,649)
Administrative Technology Services	4,259				(4,259)
Community Services	1,028				(1,028)
Unallocated Depreciation Expense *	<u>37,863</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(37,863)</u>
<b>Total governmental activities</b>	<b>651,782</b>		<b>69,861</b>	<b>26,574</b>	<b>(555,347)</b>
<b>Grant and contributions not restricted to specific programs</b>					<b>512,902</b>
Investment earnings					0
Miscellaneous					13,779
Extraordinary Items - Transfer of elementary sch. assets					<u>39,323</u>
Total general revenues					566,004
<b>Change in Net Position</b>					<b>10,657</b>
Net Position at the start of the year					<u>89,165</u>
Net Position at the end of the year					<u>99,822</u>

\* This amount excludes the depreciation that is included in direct expenses of the various functions.

The notes on pages 14-18 are an integral part of these financial statements

# Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)

## General Fund Balance Sheet Year Ended June 30, 2013

### ASSETS

	\$
CURRENT ASSETS:	
Cash and Cash Equivalents	35,269
Due from Other Agencies	565
Other Receivables	<u>0</u>
TOTAL CURRENT ASSETS	<u>35,824</u>
<b>Total Assets</b>	<b><u>35,824</u></b>

### LIABILITIES AND NET POSITION

CURRENT LIABILITIES:	
Salaries, Benefits & Payroll Taxes Payable	3,431
Due to Other Agencies	13,677
Other Payables	<u>6,444</u>
TOTAL CURRENT LIABILITIES	<u>23,552</u>
Governmental Fund Balances	
Unassigned	<u>12,272</u>
Total Fund balances	<u>12,272</u>
<b>Total Liabilities and fund balances</b>	<b><u>35,824</u></b>

The notes on pages 14-18 are an integral part of these financial statements

**Lawrence Academy Middle School**  
 (A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)  
**Reconciliation of the General Fund Balance Sheet to the Statement of Net Position**  
*As of Year Ended June 30, 2013*

	\$
<b>Total Fund Balances - Governmental Funds</b>	<b>12,272</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in <i>governmental activities</i> are not financial resources and therefore are not reported in the fund</p>	<u>87,550</u>
<b>Total Net Position - Governmental Activities</b>	<b><u>99,822</u></b>

The notes on pages 14-18 are an integral part of these financial statements

## Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)

### Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2013

	General Fund	Capital	Special Revenue	Total
	\$	\$	\$	\$
State Sources	512,902			512,902
Federal through State				-
Charter School Capital Outlay		26,574		26,574
Other Federal Grants			69,861	69,861
Local Sources	<u>13,779</u>	<u>-</u>	<u>-</u>	<u>13,779</u>
<b>Total Revenues</b>	<b>526,680</b>	<b>26,574</b>	<b>69,861</b>	<b>623,116</b>
Expenditures				
Instruction	253,844		25,870	279,714
Pupil Personnel Services	2,028			2,028
Media Services	608			608
Instruction Curriculum and Development Services	2,381			2,381
Instructional Staff Training Services	906			906
Board	9,731			9,731
General Administration	69,305			69,305
School Administration	35,120			35,120
Facilities Acquisition and Construction	0	18,589		18,589
Fiscal Services	27,943			27,943
Food Services	2,262		56,280	58,542
Central Services	5,396			5,396
Pupil Transportation Services	18,675			18,675
Operation of Plant	69,060	7,985		77,045
Maintenance of Plant	2,649			2,649
Administrative Technology Services	4,258			4,258
Community Services	1,028			1,028
Other Capital Outlay	<u>3,752</u>	<u>-</u>	<u>-</u>	<u>3,752</u>
	508,947	26,574	82,150	617,671
Excess of Revenues over Expenditures	17,734		(12,289)	5,445
Share of Elementary Sch. Deficit	<u>(17,426)</u>			<u>(17,426)</u>
<b>Net Change in fund balance</b>	<b>308</b>	<b>-</b>	<b>(12,289)</b>	<b>(11,981)</b>
Fund balance at beginning of the year - Unassigned	<u>11,964</u>	<u>-</u>	<u>12,289</u>	<u>24,253</u>
Fund Balance at the End of the Year -Unassigned	<u>12,272</u>			<u>12,272</u>

The notes on pages 14-18 are an integral part of these financial statements

## Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

For the Year Ended June 30, 2013

	\$
<b>Net Change in Fund Balance</b>	<b>(11,981)</b>
 Amounts reported for governmental activities in the statement of activities are different because:	
Amount owed by the elementary school at the time of closure written off in the fund statements, but settled in the government wide statements by acquisition of elementary school capital assets	17,426
Capital assets transferred from the elementary school not included in the fund statements because capital items are not dealt with in fund reporting	39,323
Government funds report capital outlays as expenditures, while in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current year.	<u>(34,111)</u>
<b>Total Net Position - Governmental Activities</b>	<b><u>10,657</u></b>

The notes on pages 14-18 are an integral part of these financial statements

## **Lawrence Academy Middle School**

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Notes to financial statement

Year ended June 30, 2013

### **NOTE –1 NATURE OF ACTIVITIES:**

Lawrence Academy Middle School, a charter school, is a department of Lawrence Academy, Inc., which was incorporated on November 10, 2004 as a not-for-profit under the laws of the state of Florida. The School is recognized as a public school (a component unit) within the District of Miami Dade County, as such, the school is funded on the same basis as the District. Additionally, Florida Statutes Section 1002.33, states that the School Board shall monitor revenues and expenditures of the charter schools. Charter schools are funded from public funds based on enrollment, and can also be eligible for grants in accordance with the state and federal guidelines, including food service and capital outlay. Additionally, all students enrolled in charter schools are included in the District's total enrollment. Charter schools can accept private donations and incur debt in the operation of the school. The school operates under a charter granted by the School Board of Miami-Dade County, Florida (the sponsor). The current charter is affective until June 30, 2015, and may be renewed for an additional fifteen years by mutual agreement of the parties.

Lawrence Academy, Inc operates 2 charter schools (Lawrence Academy Senior High and Lawrence Academy Middle) from the same location. Although the two schools share certain facilities, they both have separate financial statements. The financial statements for the Senior High are not incorporated in these financial statements. The school may also be financially accountable if an organization is fiscally dependent on the school regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the school are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the school is financially accountable, which would require inclusion in the school's basic financial statement.

### **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 for States and Local Governments and Provisions of the Florida Statutes, the School is presented as a governmental organization for financial reporting purposes.

#### Government-Wide and Fund Financial Statements

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

The statement of net position presents the difference between assets and liabilities as net position, which is divided into three categories: net amount invested in capital assets, restricted, and unrestricted. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations by other governments or enabling legislation.

## **Lawrence Academy Middle School**

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Notes to financial statement

Year ended June 30, 2013

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 and (2) operating grants and contributions which finance annual operating activities. These revenues are subject to externally imposed restrictions to specific program uses. Other revenues not properly included with program revenues are reported as general revenues.

### Fund Financial Statements

A fund is a self balancing set of related accounts grouped together to maintain control over resources that have been provided for specific activities, projects, or objectives. The School uses fund accounting to ensure and report compliance with financial and legal requirements. All the activities of the School are governmental activities, and are reported under the general fund. The general fund reports on the same activities included in the government-wide statements, but with a focus on near term inflows and outflows. The general fund balance as of June 30, 2013, therefore excludes investments in capital assets, and represents resources available for expenditure in the near term. Fund balances may be classified as nonspendable, restricted, committed, assigned or unassigned. The general fund balance as of June 30, 2013 is classified as restricted and unassigned.

### Basis of Accounting and Measurement Focus

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) The government-wide statements report using the economic resources measurement focus and full accrual basis of accounting. Accordingly revenues are recorded when earned and expenses when incurred without regard to the timing of related cash flows.

The general fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. 'Measurable' means the amount of transaction can be determined, and 'available' means the amount is collectible within 3 months. Expenditures are recorded when the liability is incurred.

### Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Functional allocation of expenses

The cost of providing program services, have been summarized on a functional basis in the statement of activities. Accordingly certain costs have been allocated among the programs benefited.

## **Lawrence Academy Middle School**

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Notes to financial statement

Year ended June 30, 2013

### Property and equipment

The school capitalizes all expenditures for capital assets in excess of \$1,000. Depreciation is computed using the straight line method over the estimated useful life of the asset. Computer equipment is depreciated over 3 years while furniture & fixtures and other equipment are depreciated over 7 years.

### Revenue Recognition

The organization's revenue is derived from local governmental. Grant revenue is recognized based on the amount of grant expenses incurred in accordance with budgeted items provided in the grant contract. Grants awarded for specific purposes other than general operations of the organization are deemed to be earned when the organization has incurred expenses in compliance with specific restrictions.

### Post Retirement Benefits

The school provides no post retirement benefits.

### Compensated Absences

The school grants ten days for sick and personal leave to full time employees. Employees with unused days at the end of the fiscal year may carry them forward to the following year. The School does not allow employees to take cash in lieu of leave. There were no unused sick or personal days at the end of the year.

### Income Tax

Lawrence Academy Inc., under which the School operates, is a not-for-profit organization exempt from federal income tax under Internal Revenue Code 501 (c) (3). Accordingly, no provision for federal income taxes has been made.

### **NOTE 3 - RELATED PARTY TRANSACTIONS**

The School is a department of Lawrence Academy, Inc. (the corporation) and is affiliated with the Lawrence Academy Senior High, which is also a department of the corporation. The two schools share certain costs as a result of operating out of the same facility. The schools may also advance monies temporarily, to each other.

## Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Notes to financial statement

Year ended June 30, 2013

### NOTE 4 – CAPITAL ASSETS

#### Changes in capital asset balances for the year ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
	\$	\$		\$
Furniture, Fixtures, and Equipment	208,685	75,982		284,667
Computer Software	208,685	3,752		3,752
	208,685	79,734		288,419
Less:				
Accumulated Depreciation	143,773	57,096		200,869
<b>Total</b>	<b>64,912</b>	<b>22,638</b>		<b>87,550</b>

### NOTE 5 – GRANT SOURCES

Below is a schedule of sources of grant for the year ended June 30, 2013:

	\$
National School Lunch Program	43,991
Capital Outlay Funding	26,574
Title 1 Funds	25,870
Florida Education Finance Program and Other State Programs	512,902
<b>Total</b>	<b>609,337</b>

### NOTE 6 – CONTINGENCIES:

#### Grantor Audits

Costs reflected in the accompanying financial statements relating to government funded programs are subject to audit by the Grantor Agencies. The possible disallowance by the Grantor of any item charged to the program cannot be determined at this time. No provision has been made in these financial statements for any liability that may result.

## Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)

Notes to financial statement

Year ended June 30, 2013

### NOTE 6 – CONTINGENCIES:

#### Potential Legal Claim

F.P. Dino Inc. has threatened to file suit against Lawrence Academy Inc. for an alleged default on a lease between Lawrence Academy as tenant and Dino as landlord. To date there is no indication that Dino has filed such a suit. Lawrence Academy believes that it has not breached its previous lease with Dino, and would vigorously defend any case filed by Dino, and would assert its own counterclaim against Dino. At this stage no estimate of the likelihood of success of Dino's threatened claim is available, and so no provisions have been made in these financial statements for the outcome of a possible claim by Dino.

### NOTE 7 – LEASE EXPENSES

Lawrence Academy Inc. has entered into a 4 year lease for the premises at 530 SW 1<sup>st</sup> Street, Florida City from August 1<sup>st</sup> 2013, to July 31<sup>st</sup>, 2017. Future Lease payments based on the agreement are as follows:

	\$
Year ending June 30, 2014	120,060
Year ending June 30, 2015	144,015
Year ending June 30, 2016	149,193
Year ending June 30, 2017	153,669
Total	<u>566,936</u>

Lawrence Academy Inc has also entered into a 3 year lease for equipment from October 1<sup>st</sup>, 2012 – September 30<sup>th</sup> 2016. Based on the agreement future lease payments are as follows:

	\$
Year ending June 30, 2014	10,272
Year ending June 30, 2015	10,272
Year ending June 30, 2016	2,568
Total	<u>23,112</u>

Lawrence Academy Inc. manages Lawrence Academy Middle School as well as Lawrence Academy Senior High. The leases are allocated between the 2 schools based on usage.

### NOTE 8 – RISK FINANCING

The school is exposed to risks inherent in operating a school. The school places all risks, less nominal deductibles, with commercial insurance carriers. The management believes that risks are adequately insured, and that any deductibles that may be incurred in the event of a loss, will not materially affect the financial position of the school.

### NOTE 9 – CASH

Cash accounts are all held with financial institutions which are federally insured.

## Lawrence Academy Middle School

(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)  
 Budgetary Comparison  
 Year ended June 30, 2013  
 Governmental Funds

	Annual Budget Original & Final	Actual
	\$	\$
State Sources		
Florida Education Finance Program & Other State Programs	519,394	512,902
Federal through State		
Charter School Capital Outlay	48,000	26,574
Other Federal Grants	73,286	69,861
Local Sources	<u>6,728</u>	<u>13,779</u>
	647,408	623,116
Expenditures		
Instruction	238,543	279,714
Pupil Personnel Services	9,691	2,028
Media Services		608
Instruction Curriculum and Development Services	115	2,381
Instructional Staff Training Services	0	906
Board	7,704	9,731
General Administration	100,292	69,305
School Administration	64,665	35,120
Facilities Acquisition and Construction	52,855	18,589
Fiscal Services	28,420	27,943
Food Services	51,055	58,542
Central Services	6,019	5,396
Pupil Transportation Services	19,305	18,675
Operation of Plant	80,567	77,045
Maintenance of Plant	5,225	2,649
Administrative Technology Services	10,100	4,259
Community Services	0	1,028
Furniture Fixtures & equipment	<u>0,000</u>	<u>3,752</u>
Total Expenditures	<u>674,556</u>	<u>617,671</u>
Excess of Revenues over Expenditures	(27,148)	5,445
	<u>-</u>	<u>(17,426)</u>
<b>Net Change in fund balance</b>	(27,148)	(11,981)
Fund balance at beginning of the year	<u>24,253</u>	<u>24,253</u>
Fund balance at the end of the year	<u>2,895</u>	<u>12,272</u>

There were no differences between Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures.



**James Accounting & Tax Practice, P.A.**

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

To the Board of Directors  
Lawrence Academy Middle School  
530 SW 1<sup>st</sup> Street  
Florida City, Florida 33034

I have audited the basic financial statements of Lawrence Academy Middle School (the school) as of and for the year ended June 30, 2013 and have issued a report thereon dated August 27, 2013. I conducted the 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.

**Compliance**

As part of obtaining reasonable assurance about whether the financial statements of the school, are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of the audit, and accordingly, I do not express such an opinion. The result of the tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing the audit, I considered internal control over financial reporting in order to determine auditing procedures for the purpose of expressing an opinion on the financial statements, and not to provide assurance on the internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the school's internal control over financial reporting. The consideration of internal control over financial reporting is not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned duties, to prevent or detect misstatements on a timely basis.

A material weakness is a condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. There were no matters

involving the internal control over financial reporting and its operation that was considered to be material weaknesses. However, there were other matters involving internal control over financial reporting, which were reported to management.

This report is intended solely for the Board of Directors, management, and grantor agencies, and is not intended to be and should not be used by anyone other than these specified parties.

*Verna James*

Verna James  
Certified Public Accountant

August 27, 2013



**James Accounting & Tax Practice, P.A.**

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August 27, 2013

The Board of Directors  
Lawrence Academy Middle School  
530 SW 1<sup>st</sup> Street  
Florida City, Florida 33034

I have audited the financial statements of the Lawrence Academy Middle School, as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated August 27, 2013.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States as they relate to financial audits. I have issued an Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in those reports, which are dated August 27, 2013, should be considered in conjunction with this management letter.

Additionally, the 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 I 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)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with the audit, findings and recommendations are as follows:

**2013-1            The credit card statement was not reconciled with the financial records – a material weakness**

It was found that although the credit card transactions were entered, there was no attempt to reconcile the credit card statements with the financial records resulting in a significant difference at the end of the year.

**Recommendation**

The credit card account should be treated like a bank account and be reconciled at the end of each month. The credit card statements should be sent to Mr. Hunter, the outside CPA each month so they can be reconciled with the financial records.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions 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 the audit, there were no such findings.

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 statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with the audit, there were no 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 ***Lawrence Academy Middle 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 the audit, I determined that Lawrence Academy Middle 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. It is management's responsibility to monitor the financial condition of Lawrence Academy Middle School, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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 me to indicate that this letter is intended solely for the information and use of management, the Miami Dade County School Board, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Verna James*  
***Verna James***  
***Certified Public Accountant***

***August 27, 2013***

*Lawrence Academy Charter School*  
*"Building Character of Tomorrow's Leaders"*  
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**Althea King**  
Chairperson

**Keitha D. Burnett, Ph.D.**  
Founder/Director

**Israel Katz, Middle School and High School Principal**

August 27, 2013

James Accounting & Tax Practice, PA  
10749 SW 104<sup>th</sup> St.  
Miami FL 33176

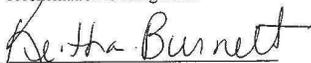
Management's Response to Matters Described Below

Section 10.854(1)(e)3., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with the audit, findings and recommendations are as follows:

**2013-1 Credit card statement was not reconciled with the financial records**  
It was found that although credit card transactions were entered, there was no attempt to reconcile credit card statements with the financial records resulting in a significant difference at the end of the year.

**Recommendation**  
The credit card account should be treated like a bank account and reconciled at the end of each month. To facilitate this reconciliation, the credit card statements should be provided to Mr. Hunter, the outside CPA each month.

**Management's Response**  
Management has agreed to provide the statements to the outside CPA and follow up to ensure that the reconciliation is being done.

  
Keitha Burnett  
Director