

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

BASIC FINANCIAL STATEMENTS,  
INDEPENDENT AUDITORS' REPORT AND  
SUPPLEMENTAL INFORMATION

JUNE 30, 2018

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

JUNE 30, 2018

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

JUNE 30, 2018

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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

**2017-2018**

**BOARD OF DIRECTORS**

Mr. Wendall Carr, President  
Ms. Rosemary Smith Hoel  
Mr. Nestor Torres  
Mr. Ricardo Alvarez  
Mr. Samuel C. Jackson

**SCHOOL ADMINISTRATION**

Ms. Lucy Canzoneri-Golden, Co-Director  
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, 2018, 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, 2018, 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 12, the FRS and HIS Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 37 and 38 and the budgetary comparison information on pages 33 through 36 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 non-major 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 August 31, 2018, 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  
August 31, 2018

**Management's Discussion and Analysis**  
Coral Reef Montessori Academy Charter School  
June 30, 2018

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, 2018.

**Financial Highlights**

1. At year-end, the School had current assets on hand of \$163,971.
2. The net position of the School decreased by \$142,912 during the year after a pension liability expense adjustment of \$101,712.
3. The unassigned fund balance decreased by \$249,821 for the year ended June 30, 2018 to a deficit of \$276,275 due to new construction costs.

***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, 2018 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 13 – 14 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 15 - 19 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 19 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 20 - 32 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2018 and 2017 follows:

<b>Assets and Deferred Outflows of Resources</b>	<u>2018</u>	<u>2017</u>
Cash	\$ 140,518	\$ 298,528
Due from governmental agencies & internal fund	23,453	143,435
Capital assets, net	<u>6,498,772</u>	<u>4,412,995</u>
Total Assets	6,662,743	4,854,958
Deferred outflows of resources	<u>603,410</u>	<u>701,005</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,266,153</u>	<u>\$ 5,555,963</u>
 <b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
Accounts and wages payable	\$ 440,246	\$ 468,417
Note payable	4,925,140	3,047,985
Net pension liability	<u>1,773,986</u>	<u>1,649,674</u>
Total Liabilities	7,139,372	5,166,076
Deferred inflows of resources	151,089	271,283
Net investment in capital assets	1,573,632	1,365,010
Deficit in accounting for net position liability/Deferred Outflows and Inflows of Resources	(1,321,665)	(1,219,952)
Deficit in unrestricted	<u>(276,275)</u>	<u>(26,454)</u>
Total Net Position (Deficit)	<u>(24,308)</u>	<u>118,604</u>
 Total Liabilities/Deferred Inflows of Resources and Net Position	 <u>\$ 7,266,153</u>	 <u>\$ 5,555,963</u>

At June 30, 2018, the School's total assets and deferred outflows of resources were \$7,266,153 and total liabilities and deferred inflows of resources were \$7,290,461. At the end of the fiscal year, the School reported a deficit in net position of \$24,308 with a net decrease of \$142,912 for the year ended June 30, 2018. The School has expanded its facilities and total capitalized costs added in the last two years have been a total of approximately \$3,024,000 which has mainly been financed through additional long-term debt.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2018 and 2017 were as follows:

REVENUES	2018	2017
Program Revenues		
Federal sources	\$ 34,733	\$ 24,194
Capital outlay funding	231,378	120,961
Charges for services	42,900	43,408
General Revenues		
State and local sources	3,565,590	2,998,490
Miscellaneous revenue	32,996	60,427
Interest earnings	270	633
Total Revenues	\$ 3,907,867	\$ 3,248,113
EXPENSES		
Instructional services	\$ 2,395,480	\$ 1,943,209
Pupil personnel services	51,789	46,889
Instructional staff training services	32,295	19,235
Board	20,014	17,670
General administration	88,844	82,682
School administration	456,413	405,065
Facilities acquisition & construction	3,402	15,982
Fiscal services	17,831	15,702
Food services	61,221	50,378
Operation of plant	293,719	200,650
Maintenance of plant	62,763	56,080
Administrative technology services	23,205	29,543
Community services	49,727	41,554
Interest expense	292,348	179,397
Unallocated depreciation	100,016	113,345
Total Expenses	3,949,067	3,217,381
Pension liability adjustment expense	(101,712)	(95,976)
Change in Net Position	(142,912)	(65,244)
Net Position at Beginning of Year	118,604	183,848
Net Position (Deficit) at End of Year	\$ (24,308)	\$ 118,604

The School's net position decreased by \$142,912 for the year ended June 30, 2018 as a result of the School's implementation of GASB 68, requiring the recording of the School's net pension liability regarding the FRS and HIS Pension and Insurance Programs. The School's revenues increased due to \$142,470 received for the Local Capital Improvement Revenue which is included in total capital outlay funding and due to additional enrollment of students.

## **Achievement**

As of July 2018, the School was awarded a letter grade of “A”. We are very proud of this accomplishment as the School maintained an “A” from fiscal year 2017. After several data analysis meetings over the summer with the administrative staff, the School realized that they were able to report substantial improvement in many academic areas.

Below are some highlights of the process made in the standardized test scores for the 2017-2018 Fiscal Year:

- On the Civics EOC – 89% of the 7<sup>th</sup> graders were 3 and above, exceeding both State and District averages
- In 2018, the School’s 5<sup>th</sup> graders went up to 56% from 32% in 2017 according to the FCAT Science Test,
- In 2018 90% of the School’s Algebra 1 students passed the EOC including all five 6<sup>th</sup> graders (10% increase from last year).
- In 2018, 80% of the School’s Geometry students passed the EOC.
- The School maintained the high number of middle school students enrolled in honors and High school coursed.
- Students in the Thespian Honors Society all received excellent and/or superior in both District and State Competitions.

The School’s continued success and greatest achievements was completing a state of the art building with eleven additional classrooms. As a Full Member School with American Montessori Association, this year we were approved to embark on a dual accreditation with both SACS and AMS. We anticipate completion in the fall of 2019. The School also holds membership with the International Montessori Council and South Florida Charter Schools Consortium. In addition, the school was accepted into the district’s STEAM program and was awarded a Bronze for completing the program for the 2017-2018 school-years.

The School’s students and staff, ever mindful of their humanitarian obligations, received recognition from a number of community based organizations for their support. We created organic gardens in the Kindergarten through 6<sup>th</sup> grade, and an indoor garden in the middle school. The School participated in school wide recycling, and the Mangrove Reclamation Project. The School’s Chess Club continues to be nationally ranked. The School once again participated in “Trick or Treat for UNICEF.

The Peace Committee, a group of students who represent the School at the United Nations each year, learned and discussed world issues and participated in Global Citizens Action Project GCAP. They chose to support one National project “We’ve Got Sole” and raised over \$500.00. They also sponsored various food drives at St. Andrews, to collect for the migrant farmers’ families through M.U.J.E.R and a food drive for them as well. A donation for The Children of Haiti Enhancement COHEF was collected, visitations and support to Community Partnership for the Homeless occurred four times.

The School also participated in raising money for St. Jude’s Children Hospital and the American Cancer Society. Locally, the School continued to support: Dade County Chapter of the Links Foundation and Lymphoma Promise Drive and the Community Blood Center of South Florida. The physical education teacher conducted the “Jump for Heart” fundraiser with all students in grades first thru sixth.

The students in 4<sup>th</sup> – 6<sup>th</sup> grades went to The Florida Keys to support their STEAM studies and the Middle School students went to the Environmental Nature Classroom Lab for one week in New Hampshire and conducted a beach clean-up at Crandon Park. In addition, the school developed partnerships with: Dr. Golden Professor at Nova University who consulted for the 4<sup>th</sup> – 8<sup>th</sup> grade STEAM science fair, Donna Issacs who serves as a consultant for the LEED certification process, and STEAM, and Dr. Rachel King professor of Biology at Miami Dade College who is a member of the “Green Committee” and helped organize the annual STEAM Health and Fitness Fair. Additional county wide completions featured our children participation in The Miami Dade Countywide Art Exhibition, and displayed their work, The Miami-Dade County Dept. of Cultural Affairs awarded one of our students 2<sup>nd</sup> place. Finally, we had students participate and receive awards from the Miami-Dade County Fair in poetry and storytelling. Lastly, students participated in the Miami-Dade Authentic Assessment Picture This – photography contest, where 3 students’ photograph pieces were chosen for display at the Miami International Airport.

The School is proud to be participator in Anti-Bias-Anti Racist, Culturally Relevant Curriculum and completed its second of two-year literature series concentration on the African-American experience. One of the most exciting accomplishments was the expansion of 11 new state of the art classrooms, and awaiting LEED certification which stands for Leadership Energy Environmental Design. The School is now registered with the United State Building Council and we are expecting to receive the “silver” designation. This ambitious prestigious, sustainable process is providing an opportunity for our students to continue to expand on the Science Technology Engineering Arts Mathematics (STEAM) program by greater participation in district-wide competitions, food production into the curriculum, a new “food forest”, with fruit trees including both native and adaptive species, a pollination habitat and two gardens per class, including 20 organic Hugelkultur beds.

### **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 a combined deficit in the School's fund balances of \$276,275, a decrease of \$249,821 in comparison with the prior year due to the new construction at the School's facilities.

### **Capital Assets**

The School's investment in capital assets as of June 30, 2018 amounts to \$6,498,772 (net of accumulated depreciation) respectively. The investment in capital assets includes land, improvements other than buildings, school building, furniture, fixtures and computer equipment. During the year ended June 30, 2018, the School constructed \$2,185,794 of fixed assets as part of the expansion of its facilities.

### **Note Payable, Net of Loan Costs**

In February 2015, the School modified its existing loan originally obtained in January 2008 in the amount of \$3,325,000. The School replaced the note above and increased the total available amount by \$1,991,518 through a non-revolving line of credit. After the completion of the facilities the original note and the revolving line of credit balances were consolidated. The note is collateralized by the School's building and land and is guaranteed by the School's co-directors and matures in February 2022. The note payable bears interest of 4.50%. The balance at June 30, 2018 was \$4,925,140. For the year ended June 30, 2018, the School made principal repayments of \$165,086.

### **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.

All Governmental Funds

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 3,528,498	\$ 3,528,498	\$ 3,565,590
Federal school lunch and contributions	69,500	69,500	34,733
State capital outlay funding	150,000	150,000	231,378
Charges for services	36,000	36,000	42,900
Miscellaneous and interest income	190,000	190,000	33,266
<b>TOTAL REVENUES</b>	<b>\$ 3,973,998</b>	<b>\$ 3,973,998</b>	<b>\$ 3,907,867</b>
<b>EXPENDITURES</b>			
Instructional services	\$ 2,637,479	\$ 2,637,479	\$ 2,395,480
Pupil personnel services	35,400	35,400	51,789
Instructional staff training services	43,000	43,000	32,295
Board	17,000	17,000	20,014
General administration	166,785	166,785	88,844
School administration	372,133	372,133	456,413
Facilities acquisition, construction and other capital outlay	1,980,067	1,980,067	2,189,196
Fiscal services	20,100	20,100	17,831
Food services	69,500	69,500	61,221
Community services	38,000	38,000	49,727
Administrative technology services	40,000	40,000	23,205
Operation of plant	150,000	150,000	293,719
Maintenance of plant	106,130	106,130	62,763
Debt services	393,300	393,300	438,932
<b>TOTAL EXPENDITURES</b>	<b>6,068,894</b>	<b>6,068,894</b>	<b>6,181,429</b>
Excess of revenues over expenditures	(2,094,896)	(2,094,896)	(2,273,562)
Other financing sources (uses)	1,768,964	1,768,964	2,023,741
Net change in fund balance	<b>\$ (325,932)</b>	<b>\$ (325,932)</b>	<b>\$ (249,821)</b>

**Requests for Information**

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 140,518
Accounts receivable	21,640
Due from internal fund	1,813
Total current assets	<u>163,971</u>
<b>CAPITAL ASSETS</b>	
Land	980,909
Building and improvements	6,604,763
Less accumulated depreciation	(1,160,952)
Improvements other than buildings	90,000
Less accumulated depreciation	(18,468)
Furniture, fixtures and computer equipment	264,239
Less accumulated depreciation	(261,719)
Total capital assets	<u>6,498,772</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources FRS/HIS	603,410
Total deferred outflows of resources	<u>603,410</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><u>\$ 7,266,153</u></u>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 206,267
Wages and other payable	233,979
Note payable - current portion	188,500
Total current liabilities	<u>628,746</u>
Note payable - long term portion	4,736,640
Net pension liability	1,773,986
<b>TOTAL LIABILITIES</b>	<u>7,139,372</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources FRS/HIS	151,089
Total deferred inflows of resources	<u>151,089</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,573,632
Deficit in accounting for Net Pension Liability/Deferred	
Outflows and Inflows of Resources	(1,321,665)
Deficit in unrestricted	(276,275)
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>(24,308)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 7,266,153</u></u>

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



**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Functions</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expense) and Change in Net Position</b>
<b>Governmental Activities:</b>					
Instructional services	\$ 2,395,480	\$ -	\$ -	\$ -	\$ (2,395,480)
Pupil personnel services	51,789	-	-	-	(51,789)
Instructional staff training services	32,295	-	-	-	(32,295)
Board	20,014	-	-	-	(20,014)
General administration	88,844	-	-	-	(88,844)
School administration	456,413	-	-	-	(456,413)
Facilities acquisition & construction	3,402	-	-	-	(3,402)
Fiscal services	17,831	-	-	-	(17,831)
Food services	61,221	1,140	34,733	-	(25,348)
Operation of plant	293,719	-	-	231,378	(62,341)
Maintenance of plant	62,763	-	-	-	(62,763)
Administrative technology services	23,205	-	-	-	(23,205)
Community services	49,727	-	-	-	(49,727)
Interest on long-term debt	292,348	41,760	-	-	(250,588)
Unallocated depreciation expense	100,016	-	-	-	(100,016)
<b>Total Governmental Activities</b>	<b>\$ 3,949,067</b>	<b>\$ 42,900</b>	<b>\$ 34,733</b>	<b>\$ 231,378</b>	<b>\$ (3,640,056)</b>

GENERAL REVENUES:

State and local sources	3,565,590
Interest	270
Miscellaneous revenue	32,996
Total general revenues	<u>3,598,856</u>
Pension liability adjustment expense	101,712
Change in Net Position	(142,912)
NET POSITION - beginning of year	<u>118,604</u>
NET POSITION (DEFICIT) - end of year	<u>\$ (24,308)</u>

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2018**

---

ASSETS

Cash and cash equivalents	\$	140,518
Accounts receivable		21,640
Due from internal fund		1,813
TOTAL ASSETS	<u>\$</u>	<u>163,971</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable and accrued liabilities	\$	206,267
Wages payable		233,979
TOTAL LIABILITIES		<u>440,246</u>

FUND BALANCE

Deficit in unassigned		<u>(276,275)</u>
TOTAL FUND BALANCE		<u>(276,275)</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$</u>	<u>163,971</u>
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The accompanying notes to basic financial statements are an integral part of these statements.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

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Total Fund Balance (Deficit) - Governmental Funds \$ (276,275)

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

Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the fund

Capital assets	7,939,911
Accumulated depreciation	(1,441,139)

Accounting for the School's participation in the FRS - the following amounts are reported in the Government-Wide Statements:

Deferred Outflows	603,410
Deferred Inflows	(151,089)
Net Pension Liability	(1,773,986)

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.

Note payable	(4,925,140)
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Total Deficit in Net Position - Governmental Activities	\$ (24,308)
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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, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>				
State passed through local	\$ 3,565,590	\$ -	\$ -	\$ 3,565,590
State capital outlay funding	-	-	231,378	231,378
Federal school lunch and contributions	-	34,733	-	34,733
Charges for services	42,900	-	-	42,900
Miscellaneous income	32,996	-	-	32,996
Interest	270	-	-	270
<b>TOTAL REVENUES</b>	<b>\$ 3,641,756</b>	<b>\$ 34,733</b>	<b>\$ 231,378</b>	<b>\$ 3,907,867</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional services	\$ 2,395,480	\$ -	\$ -	\$ 2,395,480
Pupil personnel services	51,789	-	-	51,789
Instructional staff training services	32,295	-	-	32,295
Board	20,014	-	-	20,014
School administration	456,413	-	-	456,413
General administration	88,844	-	-	88,844
Facilities acquisition & construction	3,402	-	-	3,402
Fiscal services	17,831	-	-	17,831
Food services	26,488	34,733	-	61,221
Operation of plant	62,341	-	231,378	293,719
Maintenance of plant	62,763	-	-	62,763
Administrative technology services	23,205	-	-	23,205
Community services	49,727	-	-	49,727
<b>Capital Outlay:</b>				
Other capital outlay	2,185,794	-	-	2,185,794
<b>Debt Service:</b>				
Redemption of principal	165,086	-	-	165,086
Interest and fees	273,846	-	-	273,846
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,915,318</b>	<b>\$ 34,733</b>	<b>\$ 231,378</b>	<b>\$ 6,181,429</b>
Excess of expenditures over revenues	(2,273,562)	-	-	(2,273,562)
Proceeds from financing sources	2,023,741	-	-	2,023,741
Net change in fund balance	(249,821)	-	-	(249,821)
Fund balance (Deficit), beginning of year	(26,454)	-	-	(26,454)
Fund balance (Deficit), end of year	<u>\$ (276,275)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (276,275)</u>

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, 2018**

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Net Change in Fund Balance - Governmental Funds \$ (249,821)

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.

Capital outlays	2,185,794
Depreciation expense	(100,017)

Governmental funds report loan costs as expenditures. However, in the statement of activities, the costs of those assets is allocated over the estimated useful life and reported as amortization expense.

Amortization of loan costs	(18,502)
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Accounting for the School's participation in the Florida Retirement System:

Pension liability expense	(101,711)
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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.

Repayments of principal	165,086
Proceeds from financing	<u>(2,023,741)</u>

Change in Net Position of Governmental Activities \$ (142,912)

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, 2018**

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	<b>Agency Fund Student Activity</b>
<b>ASSETS</b>	
Cash	\$ 1,813
TOTAL ASSETS	<u>\$ 1,813</u>
<b>LIABILITIES</b>	
Due to general fund	\$ 1,813
TOTAL LIABILITIES	<u>\$ 1,813</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  
FOR THE YEAR ENDED JUNE 30, 2018**

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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 5 members.

The general operating authority of Coral Reef Montessori Academy Charter School, (the “School”) is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2028. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

These financial statements are for the year ended June 30, 2018, when 490 students were enrolled in grades kindergarten through eighth.

**NOTE 2 – 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  
FOR THE YEAR ENDED JUNE 30, 2018**

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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  
FOR THE YEAR ENDED JUNE 30, 2018**

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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 Position

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

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for June 30, 2018 was \$1,573,632.
- Restricted net position – consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2018 was \$0.
- Unrestricted – all other net position is reported in this category.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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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:

- Non-spendable – 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 was \$0 in non-spendable fund balance at June 30, 2018.
- 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, 2018, 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, 2018, 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, 2018, 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, 2018, 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  
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

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

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

Subsequent Events

Subsequent events have been evaluated through August 31, 2018, 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, 2018:

	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Capital Assets				
Land	\$ 980,909	\$ -	\$ -	\$ 980,909
Building & improvements	4,418,969	2,185,794	-	6,604,763
Improvements other than buildings	90,000	-	-	90,000
Furniture & equipment	264,239	-	-	264,239
Total Capital Assets	<u>\$ 5,754,117</u>	<u>\$ 2,185,794</u>	<u>\$ -</u>	<u>\$ 7,939,911</u>
Less Accumulated Depreciation				
Building & improvements	\$ (1,068,451)	\$ (92,288)	\$ -	\$ (1,160,739)
Improvements other than buildings	(16,160)	(2,308)	-	(18,468)
Furniture & equipment	<u>(256,511)</u>	<u>(5,421)</u>	<u>-</u>	<u>(261,932)</u>
Total Accumulated Depreciation	<u>\$ (1,341,122)</u>	<u>\$ (100,017)</u>	<u>\$ -</u>	<u>\$ (1,441,139)</u>
Capital Assets, net	<u>\$ 4,412,995</u>			<u>\$ 6,498,772</u>

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 5 – LOAN COSTS**

The following schedule provides a summary of changes in loan costs for the year ended June 30, 2018:

	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Loan costs	\$ 29,881	\$ -	\$ -	\$ 29,881
Accumulated amortization	(11,379)	(18,502)	-	(29,881)
	<u>\$ 18,502</u>	<u>\$ (18,502)</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 6 – 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 benefits related expenses and in addition pays a rental fee to the School. For the year ended June 30, 2018, the School was reimbursed approximately \$313,000 for payroll and benefit related expenses. In addition, a rental fee of approximately \$42,000 was paid to the School and is included in charges for services. Payments of approximately \$410,000 were received by the School from the Company during the year. At June 30, 2018, the total amount due from the Company was \$11,061 and is included in accounts receivable.

**NOTE 7 – NOTE PAYABLE**

In February 2015, the School modified their note payable of \$3,325,000 to obtain a lower interest rate and to extend the maturity date. During the fiscal year, the School replaced the note above and increased the total available amount by \$1,991,518 through a non-revolving line of credit in order to construct and expand its facilities. After the completion of the construction, the increase of \$1,991,518 will be consolidated with the remaining balance of the modified note. The note is collateralized by the School’s building and land. The note will be amortized over a 20 year period at a fixed interest rate of 4.50% commencing on March 20, 2018 and maturing on February 20, 2022 when the entire unpaid principal balance will be due.

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, 2018, the School’s co-directors were paid \$33,664 each for a total of \$67,328. The note payable agreement contains a financial covenant which includes a debt service coverage ratio. At June 30, 2018, the School was not in compliance with this covenant. The School believes that this will not have an effect on the current year financial statements.

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

	Balance 7/1/2017	Additions	Repayments	Balance 6/30/2018
Note payable with monthly payments of principal and interest, bearing interest of 4.50% and maturing on February	\$ 3,066,485	\$2,023,741	\$(165,086)	\$ 4,925,140

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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NOTE 7 – NOTE PAYABLE (Continued)

Maturities of debt are as follows:

<u>Year Ended June 30</u>	
2019	\$ 188,500
2020	197,160
2021	206,218
2022	<u>4,333,262</u>
Total	<u>\$ 4,925,140</u>

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, 2018, the carrying amount of the School's cash deposit accounts was \$298,528 (operating) and \$30,739 (agency) and the respective bank balances totaled \$308,913 (operating) and \$32,375 (agency). At various times throughout the year bank balances may 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 – EMPLOYEE RETIREMENT PLAN

**Reporting Entity**

The Florida Department of Management Services, Division of Retirement (division), is part of the primary government of the state of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (system). For the fiscal year ended June 30, 2017, the division administered two cost-sharing, multiple employer defined benefit plans, one single employer defined benefit plan, two defined contribution plans, a supplemental funding of defined benefit plans for municipal police officers and firefighters, and various general revenue funded pension programs. The division issued a publicly-available, audited comprehensive annual financial report (CAFR) on behalf of the system that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the CAFR which is available online or by contacting the division (see Note 11).

**Cost-Sharing Defined Benefit Plans**

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), this report includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources for each of the participating employers in the system's cost-sharing, multiple employer defined benefit plans:

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established, is administered, and may be amended in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.22, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.
- The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Over 1,000 participating employers are served by the two defined benefit plans. Of these, more than 900 employers, referred to as reporting employers, report payroll and remit contributions to the division for their covered employees and, in some cases, for the covered employees of associated participating employers.

**A. Basis of Accounting**

Employers participating in the FRS Pension Plan and HIS Program are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB 68. The Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (pension allocation schedules) and notes to the schedules, along with the system's CAFR, provide employers with the required information for reporting.

The underlying financial information used to prepare the pension allocation schedules is based on the system's records. The financial statements for the cost-sharing defined benefit plans are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States. The system's financial statements are available online or by contacting the division (see Note 11). There have been no significant changes since the publication of the financial statements.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

**B. Employer Contributions**

Contributions are recognized as revenues when due, pursuant to statutory and contractual requirements. Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported in the pension allocation schedules is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements and in the pension allocation schedules for the cost-sharing defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

**C. Use of Estimates**

The preparation of these schedules, and the associated financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and changes therein, including appropriate disclosures at the date of the financial statements. Actual results could differ from those estimates.

**Net Pension Liability of Employers**

**A. Net Pension Liability**

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2017, are shown below:

	<u>FRS</u>	<u>HIS</u>
Total Pension Liability	\$ 6,912,777	\$ 671,498
Plan Fiduciary Net Position	<u>(5,799,275)</u>	<u>(11,014)</u>
Net Pension Liability	<u>\$ 1,113,502</u>	<u>\$ 660,483</u>
 Plan Fiduciary Net Position as a Percentage as a Percentage of the Total Pension Liability	 83.89%	 1.64%

The total pension liability for the FRS was determined by the plan’s actuary and reported in the plan’s GASB 67 valuation as of June 30, 2017. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2016 and update procedures were used to determine liabilities as of June 30, 2017. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

**B. Basis for Allocation**

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's fiscal years ending June 30, 2013 through June 30, 2017, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2015 through June 30, 2017, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

**C. Actuarial Methods and Assumptions**

The Florida Retirement System (FRS) Actuarial Assumptions Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008 through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the valuation reports for more information – see Note 11).



**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)**

The following changes in actuarial assumptions occurred in 2017:

- FRS: The long-term expected rate of return was decreased from 7.60% to 7.10%, and the active member Mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 2.85% to 3.58%.

**D. Sensitivity Analysis**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2017.

FRS Net Pension Liability			HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
6.10%	7.10%	8.10%	2.58%	3.58%	4.58%
\$ 2,015,372	\$ 1,113,502	\$ 364,744	\$ 753,699	\$ 660,483	\$ 582,840

**Pension Expense and Deferred Outflows/Inflows of Resources**

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years

Employer contributions to the pension plans from employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2017, was 6.4 years for FRS and 7.2 years for HIS. The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended June 30, 2017, are presented below for each plan.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)

Florida Retirement System (FRS)

Description	Recognized in Expense Fiscal Year Ending 2017	Deferred Outflows of Resources	Deferred Inflows of Resources
Service Cost	\$ 78,066	\$ -	\$ -
Interest Cost	469,962	-	-
Effect of plan changes	3,470	-	-
Effect of economic/demographic gains or loss (difference between expected and actual experience)	21,077	102,193	(6,168)
Effect of assumptions changes or inputs	74,730	374,215	-
Member contributions	(28,039)	-	-
Projected investment earnings	(396,464)	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	17,333	(37,469)
Net difference between projected and actual investment earnings	(38,031)	-	(27,595)
Administrative expenses	690	-	-
Total	\$ 185,461	\$ 493,741	\$ (71,232)

Health Insurance Subsidy (HIS)

Description	Recognized in Expense Fiscal Year Ending 2017	Deferred Outflows of Resources	Deferred Inflows of Resources
Service Cost	\$ 18,812	\$ -	\$ -
Interest Cost	20,847	-	-
Effect of plan changes	-	-	-
Effect of economic/demographic gains or loss (difference between expected and actual experience)	(264)	-	(1,376)
Effect of assumptions changes or inputs	10,920	92,841	(57,113)
Member contributions	-	-	-
Projected investment earnings	(256)	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	16,462	(21,368)
Net difference between projected and actual investment earnings	168	366	-
Administrative expenses	11	-	-
Total	\$ 50,238	\$ 109,669	\$ (79,857)

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 10 – EMPLOYEE RETIREMENT PLAN (Continued)**

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Year Ending June 30,	FRS Expense	HIS Expense
2018	\$ 58,199	\$ 5,338
2019	\$ 58,199	\$ 5,338
2020	\$ 168,436	\$ 5,320
2021	\$ 115,276	\$ 5,311
2022	\$ 16,956	\$ 4,595
Thereafter	\$ 5,445	\$ 3,910

**NOTE 11 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION**

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer is located in the Florida Retirement System Pension Plan and Other State-Administered Systems CAFR for the fiscal year ended June 30, 2017. The system’s CAFR and the actuarial valuation reports referenced herein are available online at:

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

The System’s CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
Division of Retirement  
Bureau of Research and Member Communications  
PO Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll free at 877-377-1737

**NOTE 12 – 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, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

General Fund Budget

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 3,528,498	\$ 3,528,498	\$ 3,565,590
Charges for services	36,000	36,000	42,900
Miscellaneous and interest income	190,000	190,000	33,266
TOTAL REVENUES	<u>\$ 3,754,498</u>	<u>\$ 3,754,498</u>	<u>\$ 3,641,756</u>
<b>EXPENDITURES</b>			
Instructional services	\$ 2,637,479	\$ 2,637,479	\$ 2,395,480
Pupil personnel services	35,400	35,400	51,789
Instructional staff training services	43,000	43,000	32,295
Board	17,000	17,000	20,014
School administration	372,133	372,133	456,413
General administration	166,785	166,785	88,844
Facilities acquisition, construction & other capital outlay	1,980,067	1,980,067	2,189,196
Fiscal services	20,100	20,100	17,831
Food services	-	-	26,488
Community services	38,000	38,000	49,727
Administrative technology services	40,000	40,000	23,205
Operation of plant	-	-	62,341
Maintenance of plant	106,130	106,130	62,763
Debt services	393,300	393,300	438,932
TOTAL EXPENDITURES	<u>5,849,394</u>	<u>5,849,394</u>	<u>5,915,318</u>
Excess of expenditures over revenues	(2,094,896)	(2,094,896)	(2,273,562)
Other financing sources	<u>1,768,964</u>	<u>1,768,964</u>	<u>2,023,741</u>
Net change in fund balance	<u>\$ (325,932)</u>	<u>\$ (325,932)</u>	<u>\$ (249,821)</u>

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 FUND  
 FOR THE YEAR ENDED JUNE 30, 2018**

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	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Federal school lunch	\$ 69,500	\$ 69,500	\$ 34,733
TOTAL REVENUES	\$ 69,500	\$ 69,500	\$ 34,733
<b>EXPENDITURES</b>			
Food services	\$ 69,500	\$ 69,500	\$ 34,733
TOTAL EXPENDITURES	\$ 69,500	\$ 69,500	\$ 34,733
Net change in fund balance	\$ -	\$ -	\$ -

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 -  
 CAPITAL PROJECTS FUND  
 FOR THE YEAR ENDED JUNE 30, 2018**

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Capital Projects Fund			
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State capital outlay funding	\$ 150,000	\$ 150,000	\$ 231,378
<b>TOTAL REVENUES</b>	\$ 150,000	\$ 150,000	\$ 231,378
 <b>EXPENDITURES</b>			
Operation of plant	\$ 150,000	\$ 150,000	\$ 231,378
<b>TOTAL EXPENDITURES</b>	\$ 150,000	\$ 150,000	\$ 231,378
Net change in fund balance	\$ -	\$ -	\$ -

See accompanying note to required supplemental information.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

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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, 2018 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).



**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
FRS/HIS – SCHEDULE OF PROPORTION SHARE OF NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2018**

**Schedule of Proportionate Share of Net Pension Liability - Florida Retirement System – Last 10 Fiscal Years**

	2017	2016	2015	2014
School's proportion of the net pension liability	0.003764461%	0.003707668%	0.004063715%	0.004100296%
School's proportionate share of the net pension liability	\$ 1,113,502	\$ 936,189	\$ 524,883	\$ 250,178
School's covered-employee payroll	\$ 1,968,964	\$ 1,889,908	\$ 1,897,683	\$ 1,928,181
School's proportionate share of the net pension liability as a % of its covered payroll	56.55%	49.54%	27.66%	12.97%
Plan fiduciary net position as a % of the total pension liability	83.89%	84.88%	92.00%	96.09%

**Schedule of Proportionate Share of Net Pension Liability - Health Insurance Subsidy Program – Last 10 Fiscal Years**

	2017	2016	2015	2014
School's proportion of the net pension liability	0.006177093%	0.006121921%	0.006489714%	0.006255125%
School's proportionate share of the net pension liability	\$ 660,483	\$ 713,485	\$ 637,924	\$ 606,804
School's covered-employee payroll	\$ 1,968,964	\$ 1,889,908	\$ 1,897,683	\$ 1,928,181
School's proportionate share of the net pension liability as a % of its covered payroll	33.54%	37.75%	33.62%	31.47%
Plan fiduciary net position as a % of the total pension liability	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled the School presented information for only the first year for which information is available.

Note 2: The Amounts shown above are for illustration purposes only. Each employer will determine the appropriate amounts to present based upon amounts published in the pension allocation schedules.

Note 3: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Comprehensive Annual Financial Report on the website indicated in Note 10.

Note 4: Refer to GASB 68, paragraph 81a- the information in this schedule should be determined as of the measurement date of the collective net pension liability.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL  
FRS/HIS - SCHEDULE OF CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Schedule of Contributions Florida Retirement System – Last 10 Fiscal Years**

	2018	2017	2016	2015
Contractually required contribution	\$ 97,998	\$ 90,417	\$ 99,077	\$ 89,814
Contributions in relation to the contractually required contribution	\$ (97,998)	\$ (90,417)	\$ (99,077)	\$ (89,814)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Schools' covered-employee payroll	\$ 1,968,964	\$ 1,889,908	\$ 1,897,683	\$ 1,928,181
Contributions as a % of covered-employee payroll	4.98%	4.78%	5.22%	4.66%

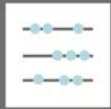
**Schedule of Contributions Health Insurance Subsidy Program – Last 10 Fiscal Years**

	2018	2017	2016	2015
Contractually required contribution	\$ 32,691	\$ 31,379	\$ 23,911	\$ 22,232
Contributions in relation to the contractually required contribution	\$ (32,691)	\$ (31,379)	\$ (23,911)	\$ (22,232)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Schools' covered-employee payroll	\$ 1,968,964	\$ 1,889,908	\$ 1,897,683	\$ 1,928,181
Contributions as a % of covered-employee payroll	1.66%	1.66%	1.26%	1.15%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled the School presented information for only the first year for which information is available.

Note 2: The Amounts shown above are for illustration purposes only. Each employer will determine the appropriate amounts to present based upon their accounting data.

Note 3: Refer to GASB 68, paragraph 81b- the information in this schedule should be determined as of the employer's most recent fiscal year.



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, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 31, 2018.

### **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 cursive script that reads "Verdeja De Armas Trujillo".

**CERTIFIED PUBLIC ACCOUNTANTS**

Coral Gables, Florida  
August 31, 2018



MANAGEMENT LETTER

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

**Report on the Financial Statements**

We have audited the financial statements of Coral Reef Montessori Academy Charter School (the “School”), a non-major component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated August 31, 2018.

**Auditor’s Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in those reports and schedule, which are dated August 31, 2018, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding No.	2016-17 FY Finding No.	2015-16 FY Finding No.
2018-1	2017-1	N/A

**Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Coral Reef Montessori Academy Charter School.

### **Financial Condition and Management**

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June30, 2018 is not deteriorating. However, the following, in Additional Matters, was noted that we would like to bring to the attention of the governing body of the School.

### **Transparency**

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

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate 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.

### 2018-1: Total Deficit in Fund Balance

#### Observation

There is a total deficit in the School's fund balance of \$276,275 at June 30, 2018. The School, for the year ended June 30, 2018, constructed approximately \$2,186,000 in new building and improvements for the expansion of its facilities. Due to the expansion, the School expenditures exceeded revenue by \$249,821 after proceeds from financing sources of approximately \$2,024,000, resulting in the ending fund balance deficit.

#### Management's Response

In order to improve the facility and add additional classrooms, the School entered into various contracts for new design, construction and related services. The total expended during the 2017/18 fiscal year for these services was approximately \$2,186,000. As a result, the School's ending fund balance was a negative \$276,275 as of June 30, 2018. The School was complete with the expansion in March 2018 and believes that the School will attract additional students with the expansion and will be able to increase its revenues. Expenditures will also be closely monitored.

**Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies,, the Board of Directors, and applicable management and the School Board of Miami-Dade County, Florida, is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Verónica De Armas Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida

August 31, 2018