

**Lawrence Academy Middle School**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2012**

Introductory Summary	1
The financial Statements	
Report of the Independent Auditor	2
Management's Discussion & Analysis (Required Supplementary Information)	3-7
Government-Wide Financial Statements	8-9
Statement of net assets	
Statement of Activities & changes in Net Assets	
Fund Financial Statements	10-13
Balance Sheet	
Reconciliation of Fund Balance Sheet with Statements of Net Assets	
Statements of Revenues Expenditures and Changes in Fund Balance	
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement on Activities	
Notes to the Financial Statements	14-19
Required Supplementary Information	
Budgetary Comparison	20
Report of the Independent Auditor on Compliance and Internal Control Over Financial Reporting	21-22
Management Letter	23-24
Management's Response	25-26

## **Lawrence Academy Middle School**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2012**

### **Introductory Summary**

#### **Name and Address**

Lawrence Academy Middle School  
713 West Palm Drive  
Florida City, Florida 33034

#### **Director**

Dr. Keitha Burnett

#### **Governing Board**

Althea King – Chairperson  
Lula Pearson – Vice-chairperson  
Chris Garcia – Treasurer  
Toni Fuller – Secretary  
Melvin Dennis  
Kenneth Cooper  
Lucy Santamaria



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

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

**Report of Independent Auditor**

To The Board of Directors  
Lawrence Academy Middle School  
777 W. Palm Drive  
Florida City, FL 33034

I have audited the accompanying government-wide and fund financial statements of Lawrence Academy Middle School (a department of Lawrence Academy Inc. and a component unit of Miami-Dade County School District) as listed in the table of contents as of June 30, 2012 and for the year then ended in accordance with generally accepted accounting principles. These statements are the responsibility of management; my responsibility is to express an opinion on these statements based on the audit.

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

In my opinion, the financial statements mentioned in the first paragraph, present fairly, in all material respects, the financial position and changes in financial position of Lawrence Academy Middle School as of June 30, 2012 and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As disclosed in note 10 to the financial statements, there is substantial doubt about the school's ability to continue as a going concern because student enrollment has reduced below the level needed to honor lease commitments. There has also been a significant reduction in fund balances over the past 2 years.

In accordance with Government Auditing Standards, I have also issued a report dated August 27, 2012, on the consideration of the school's internal control over financial reporting, and the test of its compliance with certain provisions of laws, regulation, contracts and grants. The report on internal control is an integral part of the audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of the audit.

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

*Verna James*

Verna James  
Certified Public Accountant

August 27, 2012

## **Lawrence Academy Middle School**

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

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

The management of Lawrence Academy Middle School has prepared this discussion and analysis to serve as an introduction to the School's financial statements. The School's financial statements for the year ended June 30, 2012 are presented in accordance with GASB 34. The basic financial statements have 3 parts: government-wide financial statements, fund financial statements, and notes to the financial statements. In addition to the basic financial statements, the report also contains other required supplementary information.

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

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

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

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

A fund is a self balancing set of related accounts grouped together to maintain control over resources that have been provided for specific activities, projects, or objectives. Lawrence Academy Middle School uses fund accounting to ensure and report compliance with financial-related legal requirements. All the activities of the School are governmental activities, and are reported under a single general fund, as there are no activities that require separate reporting. The fund financial statements report on the same activities included in the government-wide statements, but with a focus on near term inflows and outflows. The fund balance as of June 30, 2012, therefore excludes investments in fixed assets, and represents resources available for expenditure in the near term.

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

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

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

## Lawrence Academy Middle School

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

### Management's Discussion and Analysis

June 30, 2012

#### Analysis of Financial Statements

##### Government-Wide Financial Statements

Lawrence Academy Middle School ended the year with a positive net asset balance of \$89,165, the amount by which assets exceeded liabilities. The school's financial position deteriorated over the past year as net assets totaled \$221,826 at the beginning of the year.

##### Statement of Net Assets

<b>ASSETS</b>	June 30, 2012	June 30, 2011
	\$	\$
<b>CURRENT ASSETS:</b>		
Cash	53,062	157,990
Security Deposit	0	61,476
Due From Other Agencies	<u>77,924</u>	<u>9,844</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>130,986</u></b>	<b><u>229,310</u></b>
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture, Fixtures, and Equipment (Note 4)	208,685	244,928
Accumulated Depreciation	<u>(143,773)</u>	<u>(168,437)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<b><u>64,912</u></b>	<b><u>76,491</u></b>
<b>Total Assets</b>	<b><u>195,898</u></b>	<b><u>305,801</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Salaries, Benefits & Payroll Taxes Payable	95,836	83,975
Other accrued liabilities	<u>10,897</u>	<u>0</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>106,733</u></b>	<b><u>83,975</u></b>
<b>NET ASSETS (Note 2)</b>		
Invested in capital assets	64,912	76,491
Restricted	12,289	
Unrestricted	<u>11,964</u>	<u>145,335</u>
<b>TOTAL NET ASSETS</b>	<b><u>89,165</u></b>	<b><u>221,826</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>195,898</u></b>	<b><u>305,801</u></b>

## Lawrence Academy Middle School

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

### Management's Discussion and Analysis

June 30, 2012

The statement of activities shown below indicates decreases in revenues and net assets due to cuts in budget allocations. For the year ended June 30, 2012 nets assets decreased by \$132,661 compared with a decrease of \$60,499 for the year ended June 30, 2011.

#### Statement of Activities

	Year ended June 30, 2012	Year ended June 30, 2011
	\$	\$
<b>REVENUES</b>		
State Sources	713,007	781,250
Federal through State		
Charter School Capital Outlay	53,372	58,731
Other Federal Grants	135,328	151,616
Charges for Services and Other Local Sources	<u>3,817</u>	<u>1,909</u>
<b>Total Revenue</b>	<b>905,524</b>	<b>993,506</b>
<b>EXPENSES</b>		
Instruction	432,215	510,288
Pupil Personnel Services	26,016	22,073
Instruction Curriculum Development		
Services	15,697	17,782
Instructional Staff Training Services	1,967	2,673
Board	6,767	6,975
General Administration	83,407	94,633
School Administration	43,560	60,488
Facilities Acquisition and Construction	205,353	128,097
Fiscal Services	21,363	21,610
Food Services	66,668	72,487
Central Services	4,879	5,924
Pupil Transportation Services	33,237	31,124
Operation of Plant	60,784	51,326
Maintenance of Plant	7,533	8,472
Administrative Technology Services	3,174	3,678
Community Services	3,718	2,414
Unallocated depreciation expenses	<u>21,847</u>	<u>13,961</u>
<b>Total Expenses</b>	<b>1,038,185</b>	<b>1,054,005</b>
<b>CHANGE IN NET ASSETS</b>	<b>(132,661)</b>	<b>(60,499)</b>
NET ASSET AT THE BEGINNING OF YEAR	<u>221,826</u>	<u>282,325</u>
NET ASSETS AT THE END OF YEAR	<u>89,165</u>	<u>221,826</u>

## Lawrence Academy Middle School

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

### Management's Discussion and Analysis

June 30, 2012

#### Fund Financial Statements and Budgetary Analysis

At year's end Lawrence Academy Middle School's governmental fund balances equaled \$24,253, which is the amount that is available for near term expenditures. The difference between fund balance and net assets is the amount invested in fixed assets. The school experienced a reduction of \$59,606 in fund balance for the year.

	Annual Budget Original	Annual Budget Final	Actual
	\$	\$	\$
<b>State Sources</b>			
Florida Education Finance Program & Other State Programs	706,162	878,915	713,007
<b>Federal through State</b>			
Charter School Capital Outlay	60,000	93,600	53,372
Other Federal Grants	151,061	92,798	135,328
<b>Local Sources</b>	<u>0</u>	<u>0</u>	<u>3,817</u>
	917,223	1,065,313	905,524
<b>Expenditures</b>			
Instruction	377,972	462,637	432,215
Pupil Personnel Services	21,597	18,100	26,016
Instruction Curriculum and Development Services	0	7,200	15,697
Instructional Staff Training Services	1,000	1,000	1,967
Board	7,000	4,000	6,767
General Administration	92,039	149,212	83,407
School Administration	35,333	50,000	43,560
Facilities Acquisition and Construction	189,360	180,000	143,877
Fiscal Services	14,666	9,999	21,363
Food Services	48,195	57,798	66,668
Central Services	0	0	4,879
Pupil Transportation Services	20,000	20,000	33,237
Operation of Plant	22,966	39,233	60,784
Maintenance of Plant	2,048	3,516	7,533
Administrative Technology Services	0	0	3,174
Community Services	3,333	3,333	3,718
Furniture Fixtures & equipment	<u>2,000</u>	<u>5,000</u>	<u>10,268</u>
<b>Total Expenditures</b>	<u>837,509</u>	<u>1,011,028</u>	<u>965,130</u>
<b>Net Change in fund balance</b>	79,714	54,285	(59,606)
Fund balance at beginning of the year	<u>83,859</u>	<u>83,859</u>	<u>83,859</u>
Fund balance at the end of the year	<u>163,573</u>	<u>138,144</u>	<u>(24,253)</u>

## Lawrence Academy Middle School

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

### Management's Discussion and Analysis

June 30, 2012

#### Enrollment

Lawrence Academy Middle School had enrollment as follows during the year:

	2011/2012	2010/2011
Grade 6	44	39
Grade 7	38	60
Grade 8	47	33
Total	<u>129</u>	<u>132</u>

#### Request for Information

This financial report is intended to provide an overview of the financial position of Lawrence Academy Middle School. Requests for additional information may be addressed to Dr. Keitha Burnett, Lawrence Academy, 713 West Palm Drive Florida City, Florida 33034



## Lawrence Academy Middle School

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

### Statement of Net Assets

June 30, 2012

#### ASSETS

\$

##### CURRENT ASSETS:

Cash	53,062
Other Receivables	11,520
Due From Other Agencies	<u>66,404</u>
TOTAL CURRENT ASSETS	<u>130,986</u>

##### PROPERTY AND EQUIPMENT:

Furniture, Fixtures, and Equipment (Note 4)	208,685
Accumulated Depreciation	<u>(143,773)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>64,912</u>

#### Total Assets

195,898

#### LIABILITIES AND NET ASSETS

##### CURRENT LIABILITIES:

Salaries, Benefits & Payroll Taxes Payable	95,836
Other Payables	<u>10,897</u>
TOTAL CURRENT LIABILITIES	<u>106,733</u>

##### NET ASSETS (Note 2)

Invested in capital assets	64,912
Restricted	12,289
Unrestricted	<u>11,964</u>
TOTAL NET ASSETS	<u>89,165</u>

#### Total Liabilities and Net Assets

195,898

The notes on pages 14-19 are an integral part of these financial statements.

## Lawrence Academy Middle School

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

### Statement of Activities and Changes in Net Assets

Year Ended June 30, 2012

FUNCTIONS	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Component Unit Activities
	\$	\$	\$	\$	\$
<b>Component Unit Activities:</b>					
Instruction	432,215		56,371		(375,844)
Pupil Personnel Services	26,016				(26,016)
Instruction and Curriculum Development Services	15,697				(15,697)
Instructional Staff Training Services	1,967				(1,967)
Board	6,767				(6,767)
General Administration	83,407				(83,407)
School Administration	43,560				(43,560)
Facilities Acquisition and Construction	205,353			53,372	(151,981)
Fiscal Services	21,363				(21,363)
Food Services	66,668		78,957		12,289
Central Services	4,879				(4,879)
Pupil Transportation Services	33,237				(33,237)
Operation of Plant	60,784				(60,784)
Maintenance of Plant	7,533				(7,533)
Administrative Technology Services	3,174				(3,174)
Community Services	3,718				(3,718)
Unallocated Depreciation Expense *	<u>21,847</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(21,847)</u>
<b>Total governmental activities</b>	<b>1,038,185</b>		<b>135,328</b>	<b>53,372</b>	<b>(849,485)</b>
<b>Grant and contributions not restricted to specific programs</b>					<b>713,007</b>
Investment earnings					0
Miscellaneous					<u>3,817</u>
<b>Total general revenues</b>					<b>716,824</b>
<b>Change in Net Assets</b>					<b>(132,661)</b>
Net Assets at the start of the year					<u>221,826</u>
Net Assets at the end of the year					<u>89,165</u>

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

The notes on pages 14-19 are an integral part of these financial statements

## Lawrence Academy Middle School

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

### General Fund Balance Sheet

Year Ended June 30, 2012

#### ASSETS

	\$
CURRENT ASSETS:	
Cash and Cash Equivalents	53,062
Due from Other Agencies	66,404
Other Receivables	<u>11,520</u>
TOTAL CURRENT ASSETS	<u>130,986</u>
<b>Total Assets</b>	<b><u>130,986</u></b>

#### LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Salaries, Benefits & Payroll Taxes Payable	95,836
Other Payables	<u>10,897</u>
TOTAL CURRENT LIABILITIES	<u>106,733</u>
Governmental Fund Balances	
Restricted	12,289
Unassigned	<u>11,964</u>
Total Fund balances	<u>24,253</u>
<b>Total Liabilities and fund balances</b>	<b><u>130,986</u></b>

The notes on pages 14-19 are an integral part of these financial statements

**Lawrence Academy Middle School**  
(A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)  
**Reconciliation of the General Fund Balance Sheet to the Statement of Net Assets**  
*As of Year Ended June 30, 2012*

\$

**Total Fund Balances - Governmental Funds**

24,253

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

Capital assets used in *governmental activities* are not financial resources and therefore are not reported in the fund

64,912

**Total Net Assets - Governmental Activities**

89,165

The notes on pages 14-19 are an integral part of these financial statements

## Lawrence Academy Middle School

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

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

Year ended June 30, 2012

	General Fund	Capital	Special Revenue	Total
	\$	\$	\$	\$
State Sources	713,007			713,007
Federal through State				-
Charter School Capital Outlay		53,372		53,372
Other Federal Grants			135,328	135,328
Local Sources	<u>3,817</u>	<u>-</u>	<u>-</u>	<u>3,817</u>
<b>Total Revenues</b>	<b>716,824</b>	<b>53,372</b>	<b>135,328</b>	<b>905,524</b>
<b>Expenditures</b>				
Instruction	375,844		56,371	432,215
Pupil Personnel Services	26,016			26,016
Instruction Curriculum and Development Services	15,697			15,697
Instructional Staff Training Services	1,967			1,967
Board	6,767			6,767
General Administration	83,407			83,407
School Administration	43,560			43,560
Facilities Acquisition and Construction	90,505	53,372		143,877
Fiscal Services	21,363			21,363
Food Services	0		66,668	66,668
Central Services	4,879			4,879
Pupil Transportation Services	33,237			33,237
Operation of Plant	60,784			60,784
Maintenance of Plant	7,533			7,533
Administrative Technology Services	3,174			3,174
Community Services	3,718			3,718
Other Capital Outlay	<u>10,268</u>	<u>-</u>	<u>-</u>	<u>10,268</u>
	<b>788,719</b>	<b>53,372</b>	<b>123,039</b>	<b>965,130</b>
<b>Net Change in fund balance</b>	<b>(71,895)</b>	<b>-</b>	<b>12,289</b>	<b>(59,606)</b>
<b>Fund balance at beginning of the year - Unassigned</b>	<b><u>83,859</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>83,859</u></b>
Fund Balance at the End of the Year -Unassigned	11,964			11,964
Fund Balance at the End of the Year -Restricted	<u>0</u>	<u>-</u>	<u>12,289</u>	<u>12,289</u>
<b>Total Fund Balance at the End of the Year</b>	<b><u>11,964</u></b>		<b><u>12,289</u></b>	<b><u>24,253</u></b>

The notes on pages 14-19 are an integral part of these financial statements

## Lawrence Academy Middle School

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

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

For the Year Ended June 30, 2012

	\$
<b>Net Change in Fund Balance</b>	(59,606)
 Amounts reported for governmental activities in the statement of activities are different because:	
Security deposit on premises applied to rent and expensed in the current year in the statement of activities was previously reported as an expenditure in the fund financial statements.	61,476
Government funds report capital outlays as expenditures, while in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current year.	<u>11,579</u>
<b>Total Net Assets - Governmental Activities</b>	<u>(132,661)</u>

The notes on pages 14-19 are an integral part of these financial statements

## **Lawrence Academy Middle School**

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

Notes to financial statement

Year ended June 30, 2012

### **NOTE –1 NATURE OF ACTIVITIES:**

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

Up to June 30th 2012, Lawrence Academy, Inc operated 2 other charter schools (Lawrence Academy Senior High and Lawrence Academy Elementary) from the same location. Although the three schools share certain facilities, they all have separate financial statements. The financial statements for the Senior High and the Elementary School are not incorporated in these financial statements. In August 2012, the elementary school was closed. Lawrence Academy Inc. will now operate 2 schools (Lawrence Academy Middle School and Lawrence Academy Senior High)

The school may also be financially accountable if an organization is fiscally dependent on the school regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the school are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

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

### **NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.**

#### Basis of Presentation

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

#### Government-Wide and Fund Financial Statements

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

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

## **Lawrence Academy Middle School**

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

Notes to financial statement

Year ended June 30, 2012

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

### Fund Financial Statements

A fund is a self balancing set of related accounts grouped together to maintain control over resources that have been provided for specific activities, projects, or objectives. The School uses fund accounting to ensure and report compliance with financial and legal requirements. All the activities of the School are governmental activities, and are reported under a single general fund. The general fund reports on the same activities included in the government-wide statements, but with a focus on near term inflows and outflows. The general fund balance as of June 30, 2012, therefore excludes investments in capital assets, and represents resources available for expenditure in the near term. Fund balances may be classified as nonspendable, restricted, committed, assigned or unassigned. The general fund balance as of June 30, 2012 is classified as restricted and unassigned.

### Basis of Accounting and Measurement Focus

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

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

### Use of estimates

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

### Functional allocation of expenses

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



## **Lawrence Academy Middle School**

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

Notes to financial statement

Year ended June 30, 2012

### Property and equipment

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

### Revenue Recognition

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

### Post Retirement Benefits

The school provides no post retirement benefits.

### Compensated Absences

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

### Income Tax

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

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

The School is a department of Lawrence Academy, Inc. (the corporation) and is affiliated with the Lawrence Academy Senior High, and Lawrence Academy Elementary School which are also departments of the corporation. The three schools share certain costs as a result of operating out of the same facility. The schools may also advance monies temporarily, to each other. The elementary school was closed in August with a balance of \$36,466 due to Lawrence Academy Middle School. The elementary school transferred sufficient capital assets to settle this balance.

**Lawrence Academy Middle School**

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

Notes to financial statement

Year ended June 30, 2012

**NOTE 4 – CAPITAL ASSETS**

**Changes in capital asset balances for the year ended June 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
	\$	\$		\$
Buildings and Improvements	46,511		46,511	0
Furniture, Fixtures, and Equipment	<u>198,417</u>	<u>10,268</u>		<u>208,685</u>
	244,928		46,511	208,685
Less: Accumulated Depreciation	<u>168,437</u>	<u>21,847</u>	<u>46,511</u>	<u>143,773</u>
<b>Total</b>	<u><b>76,491</b></u>	<u><b>(11,579)</b></u>	<u><b>0</b></u>	<u><b>64,912</b></u>

**NOTE 5 – GRANT SOURCES**

Below is a schedule of sources of grant for the year ended June 30, 2012:

	\$
National School Lunch Program	78,957
Capital Outlay Funding	53,372
Title 1 Funds	56,371
Florida Education Finance Program and Other State Programs	<u>713,007</u>
<b>Total</b>	<u><b>901,707</b></u>

## Lawrence Academy Middle School

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

Notes to financial statement

Year ended June 30, 2012

### NOTE 6 – CONTINGENCIES:

#### Grantor Audits

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

### NOTE 7 – LEASE EXPENSES

Lawrence Academy Inc. has entered into a fifteen year lease for the premises at 713 West Palm Drive, Florida City. The school took possession of the building on August 1<sup>st</sup>, 2011. The lease for the first 3 years has been adjusted to a per student rate instead of the fixed amounts in the original lease, but with a minimum payment based on enrollment of 385 students. Future Lease payments based on the agreement are as follows:

	\$
Year ending June 30, 2013	554,400
Year ending June 30, 2014	554,400
Year ending June 30, 2015	786,763
Year ending June 30, 2016	810,336
Year ending June 30, 2017	834,677
5 Years ending June 30, 2022	4,564,358
4 Years ending June 30, 2026	4,169,605
Total	<u>12,274,539</u>

Lawrence Academy Inc. manages Lawrence Academy Middle School as well as Lawrence Academy Senior High. Up to June 30, 2012, the Lawrence Academy Inc. also managed Lawrence Academy Elementary School, which was closed in August 2012. The budget for the 2 remaining schools will not be able to cover the above mentioned lease payments. Lawrence Academy Inc is pursuing several options to occupy the excess facility and deal with the resulting budget shortfall as well as seeking further accommodations from the lessor. As of the August 27, none of these plans were finalized.

### NOTE 8 – RISK FINANCING

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

**NOTE 9 – CASH**

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

**NOTE 10 – GOING CONCERN ISSUES**

There is substantial doubt about the school's ability to continue as a going concern for the following reasons:

1. As indicated in note 7, Lawrence Academy Inc. signed a 15 year lease starting on August 1<sup>st</sup>, 2011. The premises were shared by the three schools managed by Lawrence Academy up to June 30, 2012, but the contract for the elementary school was not renewed after June 30, 2012. The budget for the remaining 2 schools cannot support the agreed lease payments. As a result of the closure of Lawrence Academy Elementary School, the other 2 schools suffered a reduction in enrollment because the siblings of the elementary school children did not return
2. The school also suffered a large reduction in net assets and fund balances during the past 2 years.

The management of Lawrence Academy Inc is pursuing several options to occupy the excess facility and deal with the resulting budget shortfall as well as seeking further accommodations from the lessor. As of the August 27, now of these plans were finalized, and it is unknown how the situation will affect the ability of Lawrence Academy Inc. to continue managing the 2 schools.

## Lawrence Academy Middle School

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

### Budgetary Comparison Year ended June 30, 2012 Governmental Funds

	Annual Budget Original	Annual Budget Final	Actual
	\$	\$	\$
<b>State Sources</b>			
Florida Education Finance Program	706,162	878,915	713,007
<b>Federal through State</b>			
Charter School Capital Outlay	60,000	93,600	53,372
Other Federal Grants	151,061	92,798	135,328
<b>Local Sources</b>	<u>0</u>	<u>0</u>	<u>3,817</u>
	917,223	1,065,313	905,524
<b>Expenditures</b>			
Instruction	377,972	462,637	432,215
Pupil Personnel Services	21,597	18,100	26,016
Instruction Curriculum and Development Services	0	7,200	15,697
Instructional Staff Training Services	1,000	1,000	1,967
Board	7,000	4,000	6,767
General Administration	92,039	149,212	83,407
School Administration	35,333	50,000	43,560
Facilities Acquisition and Construction	189,360	180,000	143,877
Fiscal Services	14,666	9,999	21,363
Food Services	48,195	57,798	66,668
Central Services	0	0	4,879
Pupil Transportation Services	20,000	20,000	33,237
Operation of Plant	22,966	39,233	60,784
Maintenance of Plant	2,048	3,516	7,533
Administrative Technology Services	0	0	3,174
Community Services	3,333	3,333	3,718
Furniture Fixtures & equipment	<u>2,000</u>	<u>5,000</u>	<u>10,268</u>
<b>Total Expenditures</b>	<u>837,509</u>	<u>1,011,028</u>	<u>965,130</u>
<b>Net Change in fund balance</b>	79,714	54,285	(59,606)
<b>Fund balance at beginning of the year</b>	<u>83,859</u>	<u>83,859</u>	<u>83,859</u>
<b>Fund balance at the end of the year</b>	<u>163,573</u>	<u>138,144</u>	<u>(24,253)</u>

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



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

10749 SW 104 Street, Miami FL 33176, Tel: 305-595-2886

email: [verna@jamesaccounting.com](mailto:verna@jamesaccounting.com) Website: [www.jamesaccounting.com](http://www.jamesaccounting.com)

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

To the Board of Directors  
Lawrence Academy Middle School  
713 West Palm Drive  
Florida City, Florida 33034

I have audited the basic financial statements of Lawrence Academy Middle School (the school) as of and for the year ended June 30, 2012 and have issued a report thereon dated August 27, 2012. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government auditing standards issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

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

A material weakness is a condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely

period by employees in the normal course of performing their assigned functions. There were no matters involving the internal control over financial reporting and its operation that was considered to be material weaknesses. However, there were other matters involving internal control over financial reporting, which were reported to management.

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

*Verna James*  
Verna James  
Certified Public Accountant

August 27, 2012



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

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

August 27, 2012

The Board of Directors  
Lawrence Academy Middle School  
713 West Palm Drive  
Florida City, Florida 33034

I have audited the financial statements of the Lawrence Academy Middle School, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated August 27, 2012.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States as they relate to financial audits. I have issued an Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in those reports, which are dated August 27, 2012, should be considered in conjunction with this management letter.

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

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below.

**Prior Year Findings and Recommendations**

**2011-2 Inclusion of all Transactions – a deficiency**

It was found that checks written in June 2012, but not paid by bank until July 2012 were excluded from the financial statements. The situation was significantly improved over the previous year in that all checks, except for one, were recorded in the correct period. Discussions with management revealed that this one was overlooked because it was handwritten, while most checks are paid with billpay.

**Recommendation**

Procedures should require that all transactions are entered in the correct period. Entering checks from the check stubs rather than from the bank statements should achieve that.

**Management's Response**

Management will pay closer attention to this in the future.



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

712 West Palm Drive  
Florida City, Florida 33034  
(305)247-4800 phone  
(305) 247-4895

Althea King  
Chairperson

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

Ileana Valdes, Middle School Principal  
Israel Katz, High School Principal

August 27, 2012

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

**Management's Response to Matters Described Below**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below.

**Prior Year Findings and Recommendations**

**2011-2 Inclusion of all Transactions – a deficiency**

It was found that checks written in June 2012, but not paid by bank until July 2012 were excluded from the financial statements. The situation was significantly improved over the previous year in that all checks except for one were recorded in the correct period. Discussions with management revealed that this one was overlooked because it was handwritten, while most checks are paid with billpay.

**Recommendation**

Procedures should require that all transactions are entered in the correct period. Entering checks from the check stubs rather than from the bank statements should achieve that.

**Management's Response**

Management will pay closer attention to this in the future.

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

**2012-1 Budget Format not Consistent with Financial Statements – a deficiency**

It was found that the budget is organized by objects and does not compare easily with the fund financial statements which are organized by functions.

**AUDITOR GENERAL**  
DISTRICT SCHOOL BOARD AND CHARTER SCHOOL  
AUDIT REPORT SUBMITTAL CHECKLIST  
(SECTION 11.45(3) (a), FLORIDA STATUTES  
(To be submitted with the audit report)

DSB/Charter School Entity Name: **Lawrence Academy Middle School**  
DSB/ Charter School Address: **713 West Palm Drive Florida City, Florida 33034**  
DSB/Charter School E-Mail ADDRESS: **926286@dadaschools.net**

DSB/Charter School Contact Person:

Name : **Dr. Keitha Burnett**

Title : **Director**

Phone Number: **305-247-4800**

CPA or Other (if applicable):

Name: **Verna James**

Address: **10749 SW 104 ST, MIAMI FL 33176**

Phone Number: **305-595-2886**

Fiscal Year Audited: **Year ended June 30, 2012**

Date Auditor Delivered Audit Report to the DSB or Charter School Operations.

September 4<sup>th</sup>, 2012

Does the audit report include the following items required by Sections 10.806(2) and 10.856(2), Rules of the Auditor General:

- Yes Financial statements, as described in Sections 10.805(3) and 10.855(4), Rules of the Auditor General (as applicable), together with related notes to financial statements?
- Yes Required supplementary information such as the Management's Discussion and analysis?
- Yes The auditor's report on the financial statement?
- yes The auditor's report on compliance and internal control?
- N/A Any other auditor's reports and related financial information required pursuant to the Federal Single Audit Act Amendments of 1996, OMB Circular A-133, or other applicable Federal Law?
- Yes The management letter defined in sections 10.804(1)(d) and 10.854(1)(d), Rules of the Auditor General?
- Yes The written statement of explanation or rebuttal required by Sections 10.807(1) and 10.857(1), Rules of the Auditor General?

In addition to the above, have the following requirements been complied with:

Yes Are one paper copy and one electronic copy of the audit report being submitted as 10.857(3), Rules of the Auditor General and 10.856(2) as applicable?

Yes Is the electronic copy named using all lower case letters as follows: [fiscalyear] [name of entity].pdf. For example, the converted document for the 2011-12 fiscal year for Alachua County District School Board should be named 2012 alachua county dsb.pdf, while the converted document for the 2011-12 fiscal year for Alachua Learning Center, Inc. should be named 2012 alachua learning center.pdf. If the charter school goes by a DBA (does business as), use the DBA

Yes Was the audit report submitted within 45 days after the completion of the audit, but no later than 12 months after the end of the fiscal year? NOTE: There are no provisions in the statutes for any extensions for filling the audit report.

**This checklist should accompany the audit report.** It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact this office if assistance or clarification is needed

regarding reporting requirements. Our address, telephone, and fax numbers are as follows:

Auditor General's Office  
 Claude Pepper Building, Room 401  
 111 West Madison Street  
 Tallahassee, Florida 32399-1450  
 Telephone: (850) 487-9031  
 Suncom: 277-9039  
 Fax : (850) 414-4403  
 Fax-Suncom : 994-7488  
 Contact Person: David Martin

The following information should be included in the audit by the organizations submitting their annual external audit. For charter schools, the Auditor General of the State of Florida has issued rules that must be complied with (chapter 10.850).

- Yes 1. The name and address of the school.
- Yes 2. The name of the principal running the school.
- Yes 3. Current list of the Board of Directors of the company:
- N/A 4. If the school is operated by a management company:
- \_\_\_\_\_ a. Name of the company
- \_\_\_\_\_ b. Address
- \_\_\_\_\_ c. List of principal officials
- \_\_\_\_\_ d. Contractual arrangement with the company, such as length of contract, terms total fees paid for the year, etc. (This information should be included in the footnotes to the financial statements)
- Yes 5. The financial statements must include comparative totals for the prior year.
- Yes 6. The financial statements must comply with GASB 34 requirements if applicable.
- \_\_\_\_\_ 7. In the footnotes to the financial statements, the following should be disclosed:
- Yes a. Total school enrollment and grade configuration. If separate facilities are in operation, disclose name, address, and the enrollment and grade configuration at each facility.
- Yes b. Full disclosure of related party transactions, which should include the related party's name and address, disclosure of the address, and disclosure of the transaction, particularly if it is a loan that needs to be repaid (principal and interest paid and unpaid) If the debt is in arrears, disclosure of arrangements made to satisfy the debt.
- N/A c. Full disclosure of any other debt in arrears, particularly as they relate to the payment of withholding/social security taxes. Arrangements made to pay the debt(s)
- Yes d. For charter schools, full disclosure in the notes or as a separate schedule in the audit of the tangible personal property purchased with public funds. (It is a current contractual requirement for charter schools; however we recommend that it be part of the audit).
- N/A e. If there is a cash deficit position or significant losses shown in the financial statements, full disclosure as to how the school plans to keep operating. The current assets should be sufficient to cover the current liabilities. The issue is whether sufficient resources would be available to maintain the school open. This issue may be addressed in the management letter.
- N/A f. Any disclosure of events subsequent to the balance sheet date that the auditor believes are important to the readers of the financial statements (e.g. significant contractual arrangements and financing or refinancing of debt, payment of past due taxes, etc.).
- N/A 8. If the audit is not submitted within the contractually required deadline, the management letter must comment on it with the appropriate response from the organization as to how it is going to be remedied in future audit submittals.

