

LAWRENCE ACADEMY SENIOR HIGH
 (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
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Lawrence Academy Senior High

(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 Senior High
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 Website: www.jamesaccounting.com

Report of Independent Auditor

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

I have audited the accompanying government-wide and fund financial statements of Lawrence Academy Senior High (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 we 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 of Lawrence Academy Senior High as of June 30, 2012 and the changes in financial position for the year then ended, in conformity with generally accepted accounting principles 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 Senior High

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

Management's Discussion and Analysis

Year Ended June 30, 2012

The management of Lawrence Academy Senior High 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

The government-wide financial statements consist of the statement on net assets and statements 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

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 Senior High 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 governmental funds. 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 governmental 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 Senior High

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

Management's Discussion and Analysis

Year Ended June 30, 2012

Analysis of Financial Statements

Government-Wide Financial Statements

Lawrence Academy Senior High ended the year with a positive net asset balance of \$12,829 the amount by which assets exceeded liabilities. The school's financial position has deteriorated over the past year as net assets totaled \$116,135 at the beginning of the year.

Statement of Net Assets

ASSETS	June 30, 2012	June 30, 2011
	\$	\$
CURRENT ASSETS:		
Cash	15,982	70,582
Due From Miami Dade County	<u>0</u>	<u>6,313</u>
TOTAL CURRENT ASSETS	<u>15,982</u>	<u>76,895</u>
OTHER ASSETS		
Other Assets	<u>0</u>	<u>40,756</u>
TOTAL OTHER ASSETS	<u>15,982</u>	<u>40,756</u>
PROPERTY AND EQUIPMENT:		
Furniture, Fixtures, and Equipment Note 4)	31,439	27,883
Accumulated Depreciation	<u>(4,664)</u>	<u>(3,971)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>26,775</u>	<u>23,912</u>
Total Assets	<u>42,757</u>	<u>141,563</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Due to Lawrence Academy Middle School	29,928	0
Salaries and Wages Payable	<u>0</u>	<u>25,428</u>
TOTAL CURRENT LIABILITIES	<u>29,928</u>	<u>25,428</u>
NET ASSETS: (Note 2)		
Invested in capital assets	26,775	23,912
Restricted	<u>7,443</u>	
Unrestricted	<u>(21,389)</u>	<u>92,223</u>
TOTAL NET ASSETS	<u>12,829</u>	<u>116,135</u>
Total Liabilities and Net Assets	<u>42,757</u>	<u>141,563</u>

Lawrence Academy Senior High

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

Management's Discussion and Analysis

Year Ended June 30, 2012

Fund Financial Statements

At year's end Lawrence Academy Senior High's governmental funds had a balance of (13,946). This is the amount of near term resources available as of June 30, 2012. The difference between total fund balances and net assets is the amount invested in capital assets.

Fund Budget Comparison

	Annual Budget Original	Annual Budget Final	Actual
	\$	\$	\$
Revenues			
State Sources	480,015	498,335	489,786
Federal through State			
Charter School Capital Outlay	40,500	49,800	48,056
Other Federal Grant	81,621	41,676	75,386
Local Sources	<u>0</u>	<u>0</u>	<u>2,511</u>
Total Revenues	602,136	589,811	615,739
Expenditures			
Instruction	262,136	215,785	306,487
Pupil Personnel Services	15,100	18,100	16,780
Instructional & Curriculum Development Services	1,000	1,000	10,341
Instructional Staff Training Services		0	1,424
Board	7,000	4,000	4,407
General Administration	80,732	62,066	55,665
School Administration	50,000	10,000	55,220
Facilities Acquisition and Construction	125,539	120,000	95,639
Fiscal Services	14,666	9,999	13,796
Food Services	32,805	26,676	43,059
Central Services	0	0	3,252
Pupil Transportation Services	4,486	4,486	21,395
Operation of Plant	22,966	24,833	40,535
Maintenance of Plant	2,048	3,516	5,020
Administrative Technology Services	0	0	2,108
Community Services	3,333	3,333	2,468
Furniture Fixtures & equipment	<u>2,000</u>	<u>5,000</u>	<u>3,556</u>
Total Expenditures	623,811	508,794	681,152
Net Change in fund balance	(21,675)	81,017	(65,413)
Fund balance at beginning of the year	<u>51,467</u>	<u>51,467</u>	<u>51,467</u>
Fund balance at the end of the year	<u>29,792</u>	<u>132,484</u>	<u>(13,946)</u>

Lawrence Academy Senior High

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

Management's Discussion and Analysis

Year Ended June 30, 2012

Enrollment

During the year the school enrolled students as follows:

	2011/2012	2010/2011
Grade 9	15	23
Grade 10	22	25
Grade 11	19	31
Grade 12	34	6
Total	90	85

Request for Information

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

Lawrence Academy Senior High
(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade
County School District)
Statement of Net Assets
As of June 30, 2012

ASSETS	\$
CURRENT ASSETS:	
Cash	15,982
Due From Other Agencies	<u>0</u>
TOTAL CURRENT ASSETS	<u>15,982</u>
 PROPERTY AND EQUIPMENT:	
Furniture, Fixtures, and Equipment (Note 4)	31,439
Accumulated Depreciation	<u>(4,664)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>26,775</u>
 Total Assets	 <u>42,757</u>
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Due to Lawrence Academy Middle School	<u>29,928</u>
TOTAL CURRENT LIABILITIES	<u>29,928</u>
NET ASSETS: (Note 2)	
Invested in capital assets	26,775
Restricted	7,443
Unrestricted	<u>(21,389)</u>
TOTAL NET ASSETS	<u>12,829</u>
Total Liabilities and Net Assets	<u>42,757</u>

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

Lawrence Academy Senior High

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

Statement of Activities

Year Ended June 30, 2012

FUNCTIONS	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue
					and changes in
	\$	\$	\$	\$	\$
Instruction	306,487		24,884		(281,603)
Pupil Personnel Services	16,780				(16,780)
Instruction and Curriculum Development	10,341				(10,341)
Instructional Staff Training Services	1,424				(1,424)
Board	4,407				(4,407)
General Administration	55,665				(55,665)
School Administration	55,220				(55,220)
Facilities Acquisition and Construction	136,395			48,056	(88,339)
Fiscal Services	13,796				(13,796)
Food Services	43,059		50,502		7,443
Central Services	3,252				(3,252)
Pupil Transportation Services	21,395				(21,395)
Operation of Plant	40,535				(40,535)
Maintenance of Plant	5,020				(5,020)
Administrative Technology Services	2,108				(2,108)
Community Services	2,468				(2,468)
Depreciation*	693				(693)
Total governmental activities	719,045		75,386	48,056	(595,603)

General Revenues:

Grants and contributions not restricted to specific programs - FEFP State Funds	489,786
Investment earnings	
Miscellaneous	2,511
Total general revenues, special items, and transfers	492,297
Change in net assets	(103,306)
Net assets-beginning	116,135
Net assets-ending	12,829

* 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 Senior High
(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade
County School District)
**Reconciliation Governmental Fund Balance Sheet to the Statement of Net
Assets**
As of June 30, 2012

	\$
Total Fund Balances - Governmental Funds	(13,946)
 Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in <i>governmental activities</i> are not financial resources and therefore are not reported in funds	<u>26,775</u>
Total Net Assets - Governmental Activities	<u>12,829</u>

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

Lawrence Academy Senior High
(A Department of Lawrence Academy Inc. and a Component Unit of
Miami-Dade County School District)
Statement of Revenues, Expenditures, and Changes in General Fund
Year Ended June 30, 2012

	General	Capital	Special	Total
	\$	\$	Revenues	General Fund
	\$	\$	\$	\$
State Sources				
Florida Education Finance Program	489,786			489,786
Other State Funds	0			0
Federal through State				-
Charter School Capital Outlay		48,056		48,056
Other Federal Grant			75,386	75,386
Local Sources	<u>2,511</u>	-	-	<u>2,511</u>
Total Revenues	492,297	48,056	75,386	615,739
Expenditures				
Instruction	281,603		24,884	306,487
Pupil Personnel Services	16,780			16,780
Instructional & Curriculum Development Services	10,341			10,341
Instructional Staff Training Services	1,424			1,424
Board	4,407			4,407
General Administration	55,665			55,665
School Administration	55,220			55,220
Facilities Acquisition and Construction	47,583	48,056		95,639
Fiscal Services	13,796			13,796
Food Services			43,059	43,059
Central Services	3,252			3,252
Pupil Transportation Services	21,395			21,395
Operation of Plant	40,535			40,535
Maintenance of Plant	5,020			5,020
Administrative Technology Services	2,108			2,108
Community Services	2,468		-	2,468
Furniture Fixtures & equipment	<u>3,556</u>			<u>3,556</u>
Total Expenditures	<u>565,153</u>	<u>48,056</u>	<u>67,943</u>	<u>681,152</u>
Net Change in fund balance	(72,856)		7,443	(65,413)
Fund balance at beginning of the year -unassigned	<u>51,467</u>	-	-	<u>51,467</u>
Fund Balance at the End of the Year - Restricted			7,443	7,443
Fund Balance at the End of the Year - Unassigned	<u>(21,389)</u>	-	<u>0</u>	<u>(21,389)</u>
Total Fund Balance at the End of the Year	<u>(21,389)</u>		<u>7,433</u>	<u>(13,946)</u>

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

Lawrence Academy Senior High
 (A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities.**

Year Ended June 30, 2012

	\$
Net Change in Fund Balances - Total Governmental Funds	(65,413)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Security deposit applied to rent expense was a fund expenditure in previous year and therefore not an expenditure in the current year.	(40,756)
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 as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	<u>2,863</u>
Change in Net Assets of Governmental Activities	<u>(103,306)</u>

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

Lawrence Academy Senior High

(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 Senior High, a charter school, is a department of Lawrence Academy, Inc. (the corporation) 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 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 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, 2017, and may be renewed for an additional fifteen years by mutual agreement of the parties.

Up until June 30, 2012, Lawrence Academy Senior High operated from the same location as Lawrence Academy Middle School and Lawrence Academy Elementary School which are also departments of Lawrence Academy Inc. The three schools share facilities. Each school, however, has separate financial statements. The charter for the elementary school was not renewed after June 30, 2102.

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.

Lawrence Academy Senior High

(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 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.

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, 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.

Lawrence Academy Senior High

(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

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.

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 Lawrence Academy Senior High 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 Elementary School and the Lawrence Academy Middle School both also operated by 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.

Lawrence Academy Senior High

(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 July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Land	0.00	0.00	0.00	0.00
Improve. Other than Buildings (Non-Depreciable.)	0.00	0.00	0.00	0.00
Buildings and Improvements	0.00	0.00	0.00	0.00
Furniture, Fixtures, and Equipment	<u>27,883</u>	<u>3,556</u>	<u>0.00</u>	<u>31,439</u>
	27,883	3,556	0.00	31,439
Less: Accumulated Depreciation	<u>3,971</u>	<u>693</u>	<u>0.00</u>	<u>4,664</u>
Total	<u>23,912</u>	<u>2,863</u>	<u>0.00</u>	<u>26,775</u>

NOTE 5 – GRANT SOURCES

Below is a schedule of sources of grants for the year ended June 30, 2012.

	\$
Title 1 Funds	24,884
Capital Outlay Funding	48,056
National School Lunch Program	50,502
Florida Education Finance Program and Other State Programs	<u>489,786</u>
Total	<u>613,228</u>

NOTE 6 – CONTINGENCIES:

Grantor Audits

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

Lawrence Academy Senior High

(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 7 – LEASE EXPENSES

Lawrence Academy Inc. has entered into a fifteen year lease for the premises at 713 Palm Drive, Florida City. The school took possession of the building on August 1st, 2011. The lease for the first 3 years has been adjusted to a new minimum based on student enrollment of 385. 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	<u>4,169,605</u>
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, now 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 1st, 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 Senior High
A Department of Lawrence Academy Inc. And a Component Unit of Miami Dade School District
 Budget Comparison
 Year ended June 30, 2012
 General Fund

	Annual Budget Original	Annual Budget Final	Actual
		\$	\$
Revenues			
State Sources	480,015	498,335	489,786
Federal through State			
Charter School Capital Outlay	40,500	49,800	48,056
Other Federal Grant	81,621	41,676	75,386
Local Sources	<u>0</u>	<u>0</u>	<u>2,511</u>
Total Revenues	602,136	589,811	615,739
Expenditures			
Instruction	262,136	215,785	306,487
Pupil Personnel Services	15,100	18,100	16,780
Instructional & Curriculum Development Services	1,000	1,000	10,341
Instructional Staff Training Services		0	1,424
Board	7,000	4,000	4,407
General Administration	80,732	62,066	55,665
School Administration	50,000	10,000	55,220
Facilities Acquisition and Construction	125,539	120,000	95,639
Fiscal Services	14,666	9,999	13,796
Food Services	32,805	26,676	43,059
Central Services	0	0	3,252
Pupil Transportation Services	4,486	4,486	21,395
Operation of Plant	22,966	24,833	40,535
Maintenance of Plant	2,048	3,516	5,020
Administrative Technology Services	0	0	2,108
Community Services	3,333	3,333	2,468
Furniture Fixtures & equipment	<u>2,000</u>	<u>5,000</u>	<u>3,556</u>
Total Expenditures	623,811	508,794	681,152
Net Change in fund balance	(21,675)	81,017	(65,413)
Fund balance at beginning of the year	<u>51,467</u>	<u>51,467</u>	<u>51,467</u>
Fund balance at the end of the year	<u>29,792</u>	<u>132,484</u>	<u>(13,946)</u>

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



James Accounting & Tax Practice, P.A.

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

To the Board of Directors
Lawrence Academy Senior High
777 W. Palm Drive
Florida City, FL 33177

I have audited the basic financial statements of Lawrence Academy Senior High (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 Lawrence Academy Senior High, 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, no opinion is provided. Management is responsible for establishing and maintaining effective internal control over compliance with the requirements applicable to regulations, contracts and grants. The result of 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. My 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. However as discussed, below, we identified certain deficiencies in internal control over financial reporting. 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



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August 27, 2012

The Board of Directors
Lawrence Academy Senior High
713 West Palm Drive
Florida City, Florida 33034

I have audited the financial statements of the Lawrence Academy Senior High, as of and for the fiscal year ended June 30, 2012, and have issued the 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, Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Federal Program and on Internal Control over Compliance. Disclosures in those reports and schedule, 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 that was 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 we address in the management letter any recommendations to improve financial management. In connection with the audit, findings and recommendations are as follows:

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

713 West Palm Drive
Florida City, Florida 33024
(305)247-4800 phone
(305) 247-4895

Althea King
Chairperson

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

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

August 27, 2012

James Accounting & Tax Practice, PA
10749 SW 104th 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.

Recommendation

It is recommended that the budget be prepared by function to facilitate easy comparison with the fund financial statements

Management's Response

Management has agreed to prepare the budget based on functions as reported in the financial statements.

2012-2 Capital Asset Register not updated – a deficiency

It was found that the register of capital assets had not been updated with the 2011/2012 purchases.

Recommendation

It is recommended that management includes in its oversight activities, steps to ensure that the capital asset register is updated at some regular interval, but at least once per year.

Management's Response

Management has agreed that making sure the capital asset register is updated on a regular basis will be part of its oversight activities.

Althea M. King
Governing Board Chairperson

8/27/12
Date

Debra Burnett
Director

8/27/12
Date

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.

