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James Accounting & Tax Practice, P.A.

Lawrence Academy Middle School
Comprehensive Annual Financial Report
Year Ended June 30, 2010

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, 2010

Introductory Summary

Name and Address

Lawrence Academy Middle School
777 W. Palm Drive
Florida City, FL 33177

Director

Dr. Keitha Burnett

Governing Board

Sophia Santiesteban – Chairperson
Lula Pearson – Vice-chairperson
Lynda Raheem – Treasurer
Althea King - Secretary



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, Inc
777 W. Palm Drive
Florida City, FL 33177

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, 2010 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 as of June 30, 2010 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated August 25, 2010, on our consideration of Lawrence Academy's internal control over financial reporting, and our 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 our 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. We 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, we did not audit the information and express no opinion on it.

Verna James
Certified Public Accountant

August 25, 2010

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, 2010

The management of Lawrence Academy 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, 2010 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 event occurs without regard to the timing of related cash flows. Accordingly revenues and expenses are reported in this statement for some items for which the actual cash flows will result in the following year.

Fund Financial Statements (pages 10-13)

A fund is a self balancing set of related accounts grouped together to maintain control over resources that have been provided for specific activities, projects, or objectives. Lawrence Academy uses fund accounting to ensure and report compliance with financial-related legal requirements. All the activities of the School are governmental activities, and are reported under the governmental funds, 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, 2010, 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, 2010

Analysis of Financial Statements

Government-Wide Financial Statements

At year's end Lawrence Academy had a sound financial position with assets exceeding liabilities by \$282,325 as shown in the comparative statement of net assets below. Year end net asset position is also a significant improvement over net assets at the previous year end which was \$132,293.

Statement of Net Assets

ASSETS	June 30, 2010	June 30, 2009
	\$	\$
CURRENT ASSETS:		
Cash	181,273	56,552
Prepaid Expenses		3,224
Due From Other Agencies	<u>120,431</u>	<u>11,734</u>
TOTAL CURRENT ASSETS	<u>301,704</u>	<u>71,510</u>
PROPERTY AND EQUIPMENT:		
Furniture, Fixtures, and Equipment (Note 4)	227,522	205,652
Accumulated Depreciation	<u>(154,475)</u>	<u>(121,825)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>73,047</u>	<u>83,827</u>
Total Assets	<u>374,751</u>	<u>155,337</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Salaries, Benefits & Payroll Taxes Payable	80,426	7,561
Other accrued liabilities	<u>12,000</u>	<u>15,483</u>
TOTAL CURRENT LIABILITIES	<u>92,426</u>	<u>23,044</u>
NET ASSETS		
Invested in capital assets	73,047	83,827
Unrestricted (Note 2)	<u>209,278</u>	<u>48,466</u>
TOTAL NET ASSETS	<u>282,325</u>	<u>132,293</u>
Total Liabilities and Net Assets	<u>374,751</u>	<u>155,337</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, 2010

The statement of activities shown below indicates increases in revenues and net assets due to increased enrollment. The higher enrollment resulted in improved economies of scale which is reflected in the improved change in net assets. For the year ended June 30, 2010 nets assets increased by \$150,032 compared with a decrease of \$\$27,879 for the year ended June 30, 2009.

Statement of Activities

	Y/e June 30, 2010	Y/e June 30, 2009
REVENUES	\$	\$
State Sources	928,189	685,987
Federal through State		
Charter School Capital Outlay	85,456	67,378
Other Federal Grants	111,981	119,823
Charges for Services and Other Local Sources	6,434	5,693
Total Revenue	1,132,060	878,881
 EXPENSES		
Instruction	436,487	407,627
Pupil Personnel Services	23,173	
Instruction Curriculum Development		
Services	7,174	
Instructional Staff Training Services	1,411	
Board	6,527	
General Administration	116,073	130,312
School Administration	66,121	84,058
Facilities Acquisition and Construction	128,584	131,332
Fiscal Services	25,745	47,653
Food Services	81,153	56,291
Central Services	7,935	
Pupil Transportation Services	27,977	29,624
Operation of Plant	29,712	18,593
Maintenance of Plant	11,944	1,270
Administrative Technology Services	4,241	-
Community Services	1,475	-
Unallocated depreciation expenses	6,296	-
Total Expenses	982,028	906,760
 CHANGE IN NET ASSETS	 150,032	 (27,879)
NET ASSET AT THE BEGINNING OF YEAR	132,293	160,172
NET ASSETS AT THE END OF YEAR	282,325	132,293

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, 2010

Fund Financial Statements and Budgetary Analysis

At year's end Lawrence Academy's governmental fund balances equaled \$209,278. This 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. Higher than budgeted student enrollment resulted in higher income as well as higher expenditures especially in those items that fluctuate with enrollment numbers.

	Annual Budget	Actual
	\$	\$
State Sources		
Florida Education Finance Program	880,682	928,189
Federal through State		
Charter School Capital Outlay	93,600	85,456
Other Federal Grants	92,798	111,981
Local Sources	<u>-</u>	<u>6,434</u>
	1,067,080	1,132,060
Expenditures		
Instruction	475,868	431,043
Pupil Personnel Services	14,192	23,173
Instruction Curriculum and Development Services		7,174
Instructional Staff Training Services	1,000	1,334
Board	4,000	6,527
General Administration	95,016	116,073
School Administration	64,429	65,422
Facilities Acquisition and Construction	116,400	127,021
Fiscal Services	16,932	25,745
Food Services	66,312	81,154
Central Services	12,722	7,935
Pupil Transportation Services	20,000	27,977
Operation of Plant	28,949	28,795
Maintenance of Plant		11,944
Administrative Technology Services	5,481	4,240
Community Services	5,603	1,475
Other Capital Outlay	<u>13,000</u>	<u>4,216</u>
Total Expenditures	<u>939,904</u>	<u>971,248</u>
 Net Change in fund balance	 127,176	 160,812
 Fund balance at beginning of the year	 <u>48,466</u>	 <u>48,466</u>
 Fund balance at the end of the year	 <u>175,642</u>	 <u>209,278</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, 2010

Enrollment

Lawrence Academy had enrollment as follows during the year:

	2009/2010	2008/2009
Grade 6	72	35
Grade 7	37	36
Grade 8	39	42
Total	<u>148</u>	<u>113</u>

Achievement

Lawrence Academy Middle received its accreditation in the spring of 2009 from the Southern Association of Schools and Colleges. Enrollment at the school increased nearly 30 percent over the previous school year. With this increase, the school experienced issues related to growth. In order to deal with these issues management has actively taken measures, such as increased teacher training and mandatory after school program for students whose FCAT scores were below expectations.

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, 777 W. Palm Drive, Florida City, FL 33177.

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, 2010

ASSETS

	\$
CURRENT ASSETS:	
Cash	181,273
Due From Other Agencies	<u>120,431</u>
TOTAL CURRENT ASSETS	<u>301,704</u>
 PROPERTY AND EQUIPMENT:	
Furniture, Fixtures, and Equipment (Note 4)	227,522
Accumulated Depreciation	<u>(154,475)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>73,047</u>
Total Assets	<u>374,751</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Salaries, Benefits & Payroll Taxes Payable	80,426
Other accrued liabilities	<u>12,000</u>
TOTAL CURRENT LIABILITIES	<u>92,426</u>
 NET ASSETS	
Invested in capital assets	73,047
Unrestricted (Note 2)	<u>209,278</u>
TOTAL NET ASSETS	<u>282,325</u>
Total Liabilities and Net Assets	<u>374,751</u>

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

Lawrence Academy Middle School

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

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2010

FUNCTIONS	Program Revenues			Net (Expense)	
Component Unit Activities:	Expenses	Charges for	Operating	Capital	Revenue
Component Unit Activities:	\$	\$	Grants and	Grants and	and Changes in
Component Unit Activities:	\$	\$	Contributions	Contributions	Net Assets
Component Unit Activities:	\$	\$	\$	\$	Component Unit
Component Unit Activities:	\$	\$	\$	\$	Activities
Component Unit Activities:	\$	\$	\$	\$	\$
Instruction	436,487	2,865	62,594		(371,028)
Pupil Personnel Services	23,173				(23,173)
Instruction and Curriculum Development Services	7,174				(7,174)
Instructional Staff Training Services	1,411				(1,411)
Board	6,527				(6,527)
General Administration	116,073				(116,073)
School Administration	66,121				(66,121)
Facilities Acquisition and Construction	128,584			85,456	(43,128)
Fiscal Services	25,745				(25,745)
Food Services	81,153	117	63,310		(17,726)
Central Services	7,935				(7,935)
Pupil Transportation Services	27,977				(27,977)
Operation of Plant	29,712				(29,712)
Maintenance of Plant	11,944				(11,944)
Administrative Technology Services	4,241				(4,241)
Community Services	1,475				(1,475)
Unallocated Depreciation Expense *	6,294	-	-	-	(6,294)
Total governmental activities	982,026	2,982	125,904	85,456	(767,684)

Grant and contributions not restricted to specific programs	914,266
Investment earnings	270
Miscellaneous	3,180
Total general revenues	917,716
Change in Net Assets	150,032
Net Assets at the start of the year	132,293
Net Assets at the end of the year	282,325

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

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

Lawrence Academy Middle School

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

General Fund Balance Sheet

Year Ended June 30, 2010

ASSETS

\$

CURRENT ASSETS:

Cash and Cash Equivalents	181,273
Due from Other Agencies	<u>120,431</u>
TOTAL CURRENT ASSETS	<u>301,704</u>

Total Assets 301,704

LIABILITIES AND NET ASSETS

LIABILITIES:

Salaries, Benefits & Payroll Taxes Payable	80,426
Other accrued liabilities	<u>12,000</u>
TOTAL CURRENT LIABILITIES	<u>92,426</u>

Governmental Fund balance 209,278

Total Liabilities and fund balances 301,704

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

Lawrence Academy Middle School
(A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)
Reconciliation of the General Fund Balance Sheet to the Statement of Net Assets
As of Year Ended June 30, 2010

\$

Total Fund Balances - Governmental Funds	209,278
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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

73,047

Total Net Assets - Governmental Activities

282,325

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

Lawrence Academy Middle School
(A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year ended June 30, 2010

	General Fund Capital		Special	Total
	\$	\$	Revenue	\$
	\$	\$	\$	\$
State Sources	928,189			928,189
Federal through State				-
Charter School Capital Outlay		85,456		85,456
Other Federal Grants			111,981	111,981
Local Sources	<u>6,317</u>	<u>-</u>	<u>117</u>	<u>6,434</u>
Total Revenues	934,506	85,456	112,098	1,132,060
Expenditures				
Instruction	393,196		37,847	431,043
Pupil Personnel Services	23,173			23,173
Instruction Curriculum and Development Services	566		6,608	7,174
Instructional Staff Training Services	1,334			1,334
Board	6,527			6,527
General Administration	116,073			116,073
School Administration	65,422			65,422
Facilities Acquisition and Construction	41,565	85,456		127,021
Fiscal Services	25,745			25,745
Food Services	17,727		63,427	81,154
Central Services	7,935			7,935
Pupil Transportation Services	27,977			27,977
Operation of Plant	28,795			28,795
Maintenance of Plant	11,944			11,944
Administrative Technology Services	4,240			4,240
Community Services	1,475			1,475
Other Capital Outlay	<u>-</u>	<u>-</u>	<u>4,216</u>	<u>4,216</u>
	773,694	85,456	112,098	- 971,248
Net Change in fund balance	160,812	-	-	- 160,812
Fund balance at beginning of the year	<u>48,466</u>	<u>-</u>	<u>-</u>	<u>48,466</u>
Fund balance at the end of the year	<u>209,278</u>	<u>-</u>	<u>-</u>	<u>209,278</u>

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

Lawrence Academy Middle School

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

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

For the Year Ended June 30, 2010

	\$
Net Change in Fund Balance	160,812
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.	
	<u>(10,780)</u>
Change in Net Assets of Governmental Activities	<u>150,032</u>

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

Lawrence Academy Middle School

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

Notes to financial statement

Year ended June 30, 2010

NOTE –1 NATURE OF ACTIVITIES:

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

Lawrence Academy, Inc operates 2 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 schools are not incorporated in these financial statements.

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

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

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Basis of Presentation

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include a statement of net 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, 2010

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. Lawrence Academy uses fund accounting to ensure and report compliance with financial and legal requirements. All the activities of the School are governmental activities, and are reported under the general fund, as there are no activities that require separate reporting. 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, 2010, therefore excludes investments in fixed assets, and represents resources available for expenditure in the near term.

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 the near term. 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.

Property and equipment

The organization capitalizes all expenditures for fixed assets in excess of \$500. Depreciation is computed using the straight line method over the estimated useful life of the asset.

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, 2010

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. The financial statements include an accrual for unused sick and vacation leave.

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 High School, 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. Resulting from such transactions, there remains as of June 30, 2010 amounts due from the affiliate schools as follows:

Lawrence Academy Senior High	\$85,870
Lawrence Academy Elementary School	<u>26,721</u>
Total	<u>112,591</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, 2010

NOTE 4 – CAPITAL ASSETS

Changes in capital asset balances for the year ended June 30, 2010

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
	\$	\$		\$
Buildings and Improvements	46,511		-	46,511
Furniture, Fixtures, and Equipment	<u>159,141</u>	<u>21,870</u>		<u>181,011</u>
	205,652	21,870		<u>227,522</u>
Less: Accumulated Depreciation	<u>121,825</u>	<u>32,650</u>		<u>154,475</u>
Total	<u>83,827</u>	<u>(10,780)</u>		<u>73,047</u>

NOTE 5 – GRANT SOURCES

Below is a schedule of sources of grant for the year ended June 30, 2010:

National School Lunch Program	\$ 63,309
Capital Outlay Funding	85,456
State School Recognition Funds	13,923
Title 1 Funds	48,671
Florida Education Finance Program	914,266
Total	<u>1,125,626</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, 2010

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.

NOTE 7 – LEASE EXPENSES

Lawrence Academy Inc. has entered into a fifteen year lease for the premises to be constructed at 713 Palm Drive. Commencement date of the lease is expected to be July 1st, 2011. Future Lease payments are as follows:

	\$
Year ending June 30, 2011	720,000
Year ending June 30, 2012	741,600
Year ending June 30, 2013	763,848
Year ending June 30, 2014	786,763
Year ending June 30, 2015	810,366
Thereafter	<u>9,568,640</u>
Total	<u>13,391,217</u>

The lease also calls for a security deposit of \$180,000 payable during the year ending June 30, 2011. Lawrence Academy Inc. manages Lawrence Academy Senior High as well as two other charter schools. The cost of the lease will be allocated among the different schools based on the space occupied.

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.

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, 2010

Governmental Funds

	Annual Budget	Actual
	\$	\$
State Sources		
Florida Education Finance Program	880,682	928,189
Federal through State		
Charter School Capital Outlay	93,600	85,456
Other Federal Grants	92,798	111,981
Local Sources	<u>-</u>	<u>6,434</u>
	1,067,080	1,132,060
Expenditures		
Instruction	475,868	431,043
Pupil Personnel Services	14,192	23,173
Instruction Curriculum and Development Services		7,174
Instructional Staff Training Services	1,000	1,334
Board	4,000	6,527
General Administration	95,016	116,073
School Administration	64,429	65,422
Facilities Acquisition and Construction	116,400	127,021
Fiscal Services	16,932	25,745
Food Services	66,312	81,154
Central Services	12,722	7,935
Pupil Transportation Services	20,000	27,977
Operation of Plant	28,949	28,795
Maintenance of Plant		11,944
Administrative Technology Services	5,481	4,240
Community Services	5,603	1,475
Other Capital Outlay	<u>13,000</u>	<u>4,216</u>
Total Expenditures	<u>939,904</u>	<u>971,248</u>
 Net Change in fund balance	 127,176	 160,812
 Fund balance at beginning of the year	 <u>48,466</u>	 <u>48,466</u>
 Fund balance at the end of the year	 <u>175,642</u>	 <u>209,278</u>



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 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
A department of Lawrence Academy Inc. and
A component unit of the School District of Miami-Dade County
777 W. Palm Drive
Florida City, FL 33177

I have audited the basic financial statements of Lawrence Academy Middle School (the School) as of and for the year ended June 30, 2010 and have issued a report thereon dated August 25, 2010. 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, 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 our audit, and accordingly, we do not express such an opinion. The result of our 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 would not necessarily disclose all matters in the internal control reporting that might be considered significant deficiencies or material weaknesses. However as discussed, below, we identified certain deficiencies in internal control over financial reporting considered to be significant deficiencies. 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. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we reported to management of Lawrence Academy.

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
Certified Public Accountant

August 25, 2006



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

August 25, 2010

The Board of Directors
Lawrence Academy Middle School
777 West Palm Drive
Florida City FL 33034

We have audited the financial statements of the Lawrence Academy Middle School Florida, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated August 25, 2010.

We conducted our 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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control over Compliance. Disclosures in those reports and schedule, which are dated August 25, 2010, should be considered in conjunction with this management letter.

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

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

Prior Year Findings and Recommendations

Cancellation of invoices and other supporting documents

The recommendation was that invoices and all supporting documents such as purchase orders and delivery documents be cancelled with a paid stamp at the time of payment. This control is necessary to prevent the same invoice being paid twice.

Subsequent Action Taken

The control was implemented but not consistently. There were periods during the year when there was no evidence that the control was in place.

Evidence of receipt of equipment and supplies

There was no written procedure to verify that supplies and equipment have been received prior to payment.

Subsequent Action Taken

There was still no evidence of receipt of goods accompanying requests.

Management's Response

One administrative assistant was replaced because duties were not being effectively performed, and there was a period when the position was vacant until we found a replacement. Staffing problem is the reason for the inconsistent application of these controls, but in May 2010 we hired a new administrative assistant, and the above controls are part of her duties.

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:

Evidence of prior approval of payments

For many payments there was no evidence of prior approval by a responsible official. As the school grows, this control will become even more important. The approval is needed even for vendors that are already in the database.

Management's Response

Management has agreed to ensure that each purchase order/payment request is properly approved and that the invoice is signed by a responsible staff member who is in a position to know that the service been paid has been provided. In the case of supplies or equipment the packing slip or other delivery document will be signed by the person receiving the goods and attached to each payment request.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings

Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings

Section 10.854(1)(e)6, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is *Lawrence Academy Middle School*

Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Lawrence Academy Middle School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the financial condition of Lawrence Academy Middle School, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Miami Dade County School Board, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.


James Accounting & Tax Practice, PA
August 25, 2010

Lawrence Academy Charter School

"Building Character of Tomorrow's Leaders"

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

Sofia Santiesteban
Chairperson

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



August 25, 2010

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 we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted below.

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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:

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For many payments there was no evidence of prior approval by a responsible official. As the school grows, this control will become even more important. The approval is needed even for vendors that are already in the database.

Management's Response

Lawrence Academy has replaced a finance clerk (vocational training) with a full-time business and finance manager (2010-2011 school year) who has a B.S. in Business with an emphasis in finance and she is also pursuing a masters in educational leadership. This is a investment that will improve the internal accounting procedures. Management has agreed to ensure that each purchase order/payment request is properly approved and that supporting invoice is signed by a responsible staff member who is in a position to know that the service been paid has been provided. In the case of supplies or equipment the packing slip or other delivery document will be signed by the person receiving the goods and be attached to the request for payment.

Sincerely,



Keitha Burnett

Director

Lawrence Academy *Middle School*

August 26, 2009

AUDITOR GENERAL
DISTRICT SCHOOL BOARD AND CHARTER SCHOOL
AUDIT REPORT SUBMITTAL CHECKLIST
(SECTION 11.45(3) (a), FLORIDA STATUTES
(To be submitted with the 2009-2010 fiscal year audit report)

DSB/Charter School Entity Name: **Lawrence Academy Charter School**

DSB/ Charter School Address: **777 West Palm Drive Florida City, Florida 33034**

DSB/Charter School E-Mail ADDRESS: **kdburnett@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: **2009/2010**

Date Auditor Delivered Audit Report to the DSB or Charter School: **August 31, 2010**

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 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?

N/A For district school boards that had an impact fee adopted by ordinance on their behalf, an "affidavit" signed and sworn to by the Chief Financial Officer before an officer authorized to administer oaths (e.g., notary public) stating that the ordinance complied with the requirements of Section 163.31801, Florida Statutes.

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

 Yes Are two copies of the audit report being submitted as required by Sections 10.807(3) and 10.857(3), Rules of the Auditor General?

 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 412E
111 West Madison Street
Tallahassee, Florida 32399-1450
Telephone: (850) 487-9039
Suncom: 277-9039
Fax : (850) 414-7488
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 or 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.
 - N/A 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.
- N/A 9. If there are Management Letter findings, each finding must include a response by the organization. If there were prior audit findings, the current audit must include the status of action taken, i.e., whether the recommendation was fully implemented and, if not, when (dates) it will be fully implemented. Note that quarterly reports

may be required on a case-by-case basis depending on the severity or lack of resolution of the issues noted in the Management Letter.

10. Please enter the following information about the Certified Public Accountant issuing the audit report:

CPA's Name Verna James

CPA's Address 10749 SW 104 ST, Miami FL 33176

License No. AC0032641

Status Current/active

Expiration Date December 31, ~~2008~~ 2010