

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

BASIC FINANCIAL STATEMENTS,
INDEPENDENT AUDITORS' REPORT AND
SUPPLEMENTAL INFORMATION

JUNE 30, 2011

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

JUNE 30, 2011

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CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
(A Charter School Under Coral Reef Montessori Academy Charter School, Inc.)

10853 S.W. 216th Street
Miami, Florida 33170
(305) 255-0064

2010-2011

BOARD OF DIRECTORS

Ms. Elsie Hamler, President
Mr. Victor Golden, Secretary
Ms. Geraldine Townsend
Dr. John Pittman
Mr. Nestor Torres
Mr. Wendall Carr
Ms. Evelyn Quiñones

SCHOOL ADMINISTRATION

Ms. Lucy Canzoneri-Golden, Co-Director, Vice President
Ms. Juliet King, Co-Director

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Coral Reef Montessori Academy Charter School (the "School"), a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. The prior year summarized comparative information has been derived from the School's 2010 financial statements and in our report dated September 10, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities and the general fund.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2011 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2011, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 24 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provided any assurance.

A handwritten signature in blue ink, reading "Vereleja & DeAlmas". The signature is written in a cursive style with a large initial 'V' and a stylized 'D'.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2011

Management's Discussion and Analysis
Coral Reef Montessori Academy Charter School, Inc.
June 30, 2011

The corporate officers of Coral Reef Montessori Academy Charter School, Inc. (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2011.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2011 by \$1,219,895 (net assets).
2. At year-end, the School had current assets on hand of \$891,849.
3. The net assets of the School increased by \$224,265 during the year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2011 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 11 – 12 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 13 - 16 of this report.

The agency fund statement provides information about the financial relationship in which the School acts solely as an agent for the benefit of others. The School is fiduciary for assets that belong to others, such as the student activity funds. The School is responsible for ensuring that the assets reported in these activity funds are used only for the intended purposes and by those for whom the assets are contributed. The School excludes these activities from the Statement of Net Assets because it cannot use these funds to finance its operations. The agency fund statement can be found on page 17 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 18 - 23 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a school's financial position. In the case of the School, assets exceeded liabilities by \$1,219,895 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2011 and 2010 follows:

Assets	<u>2011</u>	<u>2010</u>
Cash	\$ 780,607	\$ 390,318
Due from governmental agencies & internal fund	82,600	7,860
Prepaid expenses and other assets	28,642	303,239
Capital assets, net	<u>4,176,299</u>	<u>4,166,563</u>
Total Assets	<u>\$ 5,068,148</u>	<u>\$ 4,867,980</u>
 Liabilities and Net Assets		
Accounts and wages payable	\$ 271,377	\$ 217,451
Note payable	<u>3,576,876</u>	<u>3,654,899</u>
Total Liabilities	3,848,253	3,872,350
Invested in capital assets, net of related debt	599,423	511,664
Unrestricted	<u>620,472</u>	<u>483,966</u>
Total Net Assets	<u>1,219,895</u>	<u>995,630</u>
Total Liabilities and Net Assets	<u>\$ 5,068,148</u>	<u>\$ 4,867,980</u>

At the end of the fiscal year, the School is able to report continued positive balances in the categories of net assets with a net increase of \$224,263 for the year.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2011 and 2010 were as follows:

REVENUES	<u>2011</u>	<u>2010</u>
Program Revenues		
Operating grants & contributions	\$ 12,200	\$ 7,526
Capital outlay funding	208,298	180,592
Charges for services	475,000	614,600
General Revenues		
Grants & contributions	2,661,057	2,346,705
Miscellaneous revenue	23,483	-
Interest earnings	1,125	2,589
Total Revenues	<u>\$ 3,381,163</u>	<u>\$ 3,152,012</u>
 EXPENSES		
Instructional services	\$ 1,935,609	\$ 1,839,647
Instructional & curriculum development services	5,773	4,684
Instructional staff training services	15,059	25,325
Board	12,020	10,780
School administration	377,816	374,986
Facilities acquisition & construction	48,410	60,686
Fiscal services	30,481	27,486
Food services	64,921	43,251
Central services	81,147	114,641
Pupil transportation services	33,105	32,400
Operation of plant	206,974	178,162
Maintenance of plant	17,079	10,570
Interest expense	220,156	224,791
Unallocated depreciation	108,348	106,336
Total Expenses	<u>3,156,898</u>	<u>3,053,745</u>
 Change in Net Assets	224,265	98,267
 Net Assets at Beginning of Year	<u>995,630</u>	<u>897,363</u>
Net Assets at End of Year	<u>\$ 1,219,895</u>	<u>\$ 995,630</u>

The School's total revenues increased by \$229,151 for the year ended June 30, 2011. The School's general revenues increased by approximately \$314,000 from prior year due mainly because of an increase in students. In addition, the School's capital outlay funds increased by approximately \$28,000 from the prior year. Finally, the School's Pre-K fees decreased by approximately \$140,000 from prior year due mainly because of a decrease in Pre-K students. The expenditures of the School increased by approximately \$103,000 for the year ended June 30, 2011 due mainly to instructional services expenses. Additionally, the School spent approximately \$118,000, in building and other major improvements and furniture and equipment for the year ended June 30, 2011.

If the School computed its Change in Net Assets before Unallocated Depreciation, (a non-cash expense) of \$108,348, its Change in Net Assets would be an increase in Net Assets of \$332,613.

Achievement

The school received a letter grade of “A” for the 2010-2011 school year and met the criteria for high-performing charter schools statues pursuant to S.1002.331.F.S. In order to achieve a high performing status, a school must have:

1. Received at least two school grades of “A” and no school grade below “B” for the last three years.
2. Received an unqualified opinion on each annual audit in the most recent three years for which such audits are available.
3. Did not receive a financial audit that revealed one or more of the financial emergency conditions set forth in S. 218.503, F.S. in the most three recent fiscal years for which audits are available.

We were particularly pleased with science FCAT scores. Our 5th grade students scores increased from 42% achieving Levels 3 and above to 60% achieving Levels 3 and above an increase of 18%.

The school’s students and staff, ever mindful of their humanity obligations, received recognition form a number of community based organizations for their support. St. Jude Children’s Research Hospital Trike-A-Thon Appreciation Award, Dade County Chapter of the Links Inc.’s Pearl Sponsor Award, Certificate of Appreciation for Supporting Pasta for Pennies benefiting Leukemia and Lymphoma Society and the Fairchild Challenge Award, were among the awards received by the school.

We also supported the American Cancer Society and exceeded our goal for the United Way Campaign. The Peace Committee, a group of students who represent our school at the United Nations each year to learn about and discuss world issues and pick a project to help the less fortunate chose “Save the Rain” for their project. They also raised money to help bring clean water to a West African Village.

School Location

The School operates in the Miami area from its facility located at 10853 S.W. 216 Street, Miami, FL 33170.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School’s governmental funds reported combined ending fund balances of \$620,470, an increase of \$136,504 in comparison with the prior year.

Capital Assets

The School's investment in capital assets as of June 30, 2011 amounts to \$4,176,299 (net of accumulated depreciation). This investment in capital assets includes land, improvements other than buildings, school building, furniture, fixtures and computer equipment.

Note Payable

In January 2008 the School signed an agreement to refinance their note payable with a new \$3,825,000 note. The new note is collateralized by the School's building and land and is guaranteed by the School's co-directors. The note payable bears interest of 6.20% (based on the 7-year Treasury + 2%). The balance at June 30, 2011 was \$3,576,876.

General Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the School's funds to demonstrate compliance with the School's budget.

	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,541,661	\$ 2,541,661	\$ 2,673,257
State capital outlay funding and other grants	200,000	200,000	208,298
Charges for services and other grants	520,000	520,000	475,000
Miscellaneous and interest income	15,000	15,000	24,608
TOTAL REVENUES	<u>\$ 3,276,661</u>	<u>\$ 3,276,661</u>	<u>\$ 3,381,163</u>
EXPENDITURES			
Instructional services	\$ 1,950,000	\$ 1,950,000	\$ 1,951,652
Instructional and curriculum development services	3,000	3,000	5,773
Instructional staff training services	40,000	40,000	15,059
Board	15,000	15,000	12,020
School administration	329,806	329,806	377,816
Facilities acquisition & construction	200,000	200,000	211,282
Fiscal services	20,800	20,800	30,481
Food services	58,444	58,444	64,921
Central services	116,000	116,000	81,147
Pupil transportation services	32,000	32,000	33,105
Operation of plant	188,000	188,000	146,145
Maintenance of plant	17,000	17,000	17,079
Debt services	300,000	300,000	298,179
TOTAL EXPENDITURES	<u>3,270,050</u>	<u>3,270,050</u>	<u>3,244,659</u>
Excess of revenues over expenditures	6,611	6,611	136,504
Other capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 6,611</u>	<u>\$ 6,611</u>	<u>\$ 136,504</u>

Requests for Information

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
STATEMENT OF NET ASSETS
JUNE 30, 2011 AND 2010 (SUMMARIZED COMPARATIVE INFORMATION)

	Governmental Activities	
	2011	2010 (Summarized Comparative Information)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 780,607	\$ 390,318
Due from governmental agencies	-	7,860
Due from internal fund	82,600	257,600
Prepaid expenses and other assets	28,642	45,639
Total current assets	<u>891,849</u>	<u>701,417</u>
CAPITAL ASSETS		
Land	980,909	980,909
Building and improvements	3,499,100	3,414,253
Less accumulated depreciation	(473,942)	(393,639)
Improvements other than buildings	90,000	90,000
Less accumulated depreciation	(4,617)	(2,308)
Furniture, fixtures and computer equipment	170,607	151,481
Less accumulated depreciation	(85,758)	(74,133)
Total capital assets, net	<u>4,176,299</u>	<u>4,166,563</u>
TOTAL ASSETS	<u><u>\$ 5,068,148</u></u>	<u><u>\$ 4,867,980</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 47,378	\$ 23,312
Wages payable	223,999	194,139
Note payable - current portion	82,432	78,141
Total current liabilities	<u>353,809</u>	<u>295,592</u>
Note payable - long term portion	<u>3,494,444</u>	<u>3,576,758</u>
TOTAL LIABILITIES	<u>3,848,253</u>	<u>3,872,350</u>
NET ASSETS		
Invested in capital assets, net of related debt	599,423	511,664
Unrestricted	620,472	483,966
TOTAL NET ASSETS	<u>1,219,895</u>	<u>995,630</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,068,148</u></u>	<u><u>\$ 4,867,980</u></u>

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011 AND 2010 (SUMMARIZED COMPARATIVE INFORMATION)

Functions	2011				2010	
	Expenses	Program Revenues		Governmental Activities	(Summarized Comparative Information)	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets	Net (Expense) Revenue and Change in Net Assets
Governmental Activities:						
Instructional services	\$ 1,935,609	\$ 475,000	\$ 12,200	\$ -	\$ (1,448,409)	\$ (1,217,521)
Instructional and curriculum development services	5,773	-	-	-	(5,773)	(4,684)
Instructional staff training services	15,059	-	-	-	(15,059)	(25,325)
Board	12,020	-	-	-	(12,020)	(10,780)
School administration	377,816	-	-	-	(377,816)	(374,986)
Facilities acquisition & construction	48,410	-	-	208,298	159,888	119,906
Fiscal services	30,481	-	-	-	(30,481)	(27,486)
Food services	64,921	-	-	-	(64,921)	(43,251)
Central services	81,147	-	-	-	(81,147)	(114,641)
Pupil transportation services	33,105	-	-	-	(33,105)	(32,400)
Operation of plant	206,974	-	-	-	(206,974)	(178,162)
Maintenance of plant	17,079	-	-	-	(17,079)	(10,570)
Interest on long-term debt	220,156	-	-	-	(220,156)	(224,791)
Unallocated depreciation expense	108,348	-	-	-	(108,348)	(106,336)
Total Governmental Activities	\$ 3,156,898	\$ 475,000	\$ 12,200	\$ 208,298	\$ (2,461,400)	\$ (2,251,027)
GENERAL REVENUES:						
				2,661,057	2,346,705	
				1,125	2,589	
				23,483	-	
				<u>2,685,665</u>	<u>2,349,294</u>	
				224,265	98,267	
				<u>995,630</u>	<u>897,363</u>	
				<u>\$ 1,219,895</u>	<u>\$ 995,630</u>	

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2011 AND 2010 (SUMMARIZED COMPARATIVE INFORMATION)**

	2011	2010
	General Fund	(Summarized Comparative Information)
ASSETS		
Cash and cash equivalents	\$ 780,607	\$ 390,318
Due from governmental agencies	-	7,860
Due from internal fund	82,600	257,600
Prepaid expenses	28,642	45,639
TOTAL ASSETS	\$ 891,849	\$ 701,417
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 47,378	\$ 23,312
Wages payable	223,999	194,139
TOTAL LIABILITIES	271,377	217,451
FUND BALANCE		
Unreserved	620,472	483,966
TOTAL FUND BALANCE	620,472	483,966
TOTAL LIABILITIES AND FUND BALANCE	\$ 891,849	\$ 701,417

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total Fund Balance - Governmental Funds	\$ 620,472
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets of \$4,740,616, net of accumulated depreciation of \$564,317 used in governmental activities are not financial resources and therefore are not reported in the fund.	4,176,299
Long-term liabilities of \$3,576,876 are not due and payable in the current period and therefore, are not reported in the funds.	<u>(3,576,876)</u>
Total Net Assets - Governmental Activities	<u><u>\$ 1,219,895</u></u>

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011 AND 2010 (SUMMARIZED COMPARATIVE INFORMATION)

	2011		2010	
	General Fund	Special Revenue Fund	Total Governmental Funds	(Summarized Comparative Information)
REVENUES				
State passed through local	\$ 2,673,257	\$ -	\$ 2,673,257	\$ 2,354,231
State capital outlay funding	-	208,298	208,298	180,592
Charges for services and other grants	475,000	-	475,000	614,600
Miscellaneous income	23,483	-	23,483	-
Interest	1,125	-	1,125	2,589
TOTAL REVENUES	\$ 3,172,865	\$ 208,298	\$ 3,381,163	\$ 3,152,012
EXPENDITURES				
Current:				
Instructional services	\$ 1,951,652	\$ -	\$ 1,951,652	\$ 1,856,555
Instructional and curriculum development services	5,773	-	5,773	4,684
Instructional staff training services	15,059	-	15,059	25,325
Board	12,020	-	12,020	10,780
School administration	377,816	-	377,816	374,986
Facilities acquisition & construction	2,984	90,213	93,197	43,778
Fiscal services	30,481	-	30,481	27,486
Food services	64,921	-	64,921	43,251
Central services	81,147	-	81,147	114,641
Pupil transportation services	33,105	-	33,105	32,400
Operation of plant	146,145	-	146,145	178,162
Maintenance of plant	17,079	-	17,079	10,570
Capital Outlay:				
Facilities acquisition and renovation	-	118,085	118,085	104,325
Debt Service:				
Redemption of principal	78,023	-	78,023	73,388
Interest	220,156	-	220,156	224,791
TOTAL EXPENDITURES	\$ 3,036,361	\$ 208,298	\$ 3,244,659	\$ 3,125,122
Net change in fund balance	136,504	-	136,504	26,890
Other capital outlay	-	-	-	(90,000)
Fund balance, July 1, 2010	483,966	-	483,966	547,076
Fund balance, June 30, 2011	\$ 620,470	\$ -	\$ 620,470	\$ 483,966

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balance - Governmental Funds \$ 136,504

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$118,085 exceeded depreciation of \$108,347. 9,738

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments of \$78,023 exceeded proceeds of \$0 in the current period. 78,023

Change in Net Assets of Governmental Activities \$ 224,265

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

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Agency Fund
	Student Activity
ASSETS	
Cash	\$ 102,362
TOTAL ASSETS	<u>\$ 102,362</u>
LIABILITIES	
Due to student groups	\$ 19,762
Due to general fund	82,600
TOTAL LIABILITIES	<u>\$ 102,362</u>

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

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Coral Reef Montessori Academy Charter School, (the “School”) a component unit of the School Board of Miami-Dade County, Florida, the School is sponsored by its charter-holder, Coral Reef Montessori Academy Charter School, Inc. a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is comprised of 7 members.

The general operating authority of Coral Reef Montessori Academy Charter School, (the “School”) is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2012 and the School applied for and was granted a contract renewal for an additional five year period by mutual agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

These financial statements are for the year ended June 30, 2011, when 402 students were enrolled in grades kindergarten through eighth and 72 students were enrolled in the pre-school program at the School for the year.

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – is the School’s primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

Special Revenue Fund – accounts for specific revenue, such as federal grants and capital outlay grants that are legally restricted to expenditures for particular purposes.

Additionally, the School reports the following fiduciary fund type:

Agency Funds

Agency funds account for assets held by the School in a custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is a School Activities Fund. It accounts for monies collected and spent resulting from student activities at the School site level such as music, clubs and other similar fundraising activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Coral Reef Montessori Academy Charter School, (the “School”) are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues, they include grants and donations. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

Accounts receivable consists of pre-K tuition and after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

Due from Other Government or Agency

Due from other government agency consists of grants receivable which were collected in the subsequent year. Since all receivables were collected subsequent to year end, an allowance for doubtful accounts is not necessary.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance is expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Building and improvements	39 Years

Long-term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. Long term liabilities are due in more than one year.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Financing costs are reported as expenditures.

Compensated absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for one day per month of sick/personal leave up of to ten days of active work during the ten month period. Employees and administrators cannot forward unused days at year-end.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditure and are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data and Reclassifications

Comparative total data for the prior year have been presented only for the balance sheet and statement of revenues, expenditures and changes in fund balances for governmental funds in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Revenue Sources

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

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

Subsequent Events

Subsequent events have been evaluated through August 31, 2011, which is the date the financial statements were available to be issued.

NOTE 3 – INCOME TAXES

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 –CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2011:

Capital Assets	Balance 7/1/2010	Additions	Deletions	Balance 6/30/2011
Land	\$ 980,909	\$ -	\$ -	\$ 980,909
Building & improvements	3,414,253	84,847	-	3,499,100
Improvements other than buildings	90,000	-	-	90,000
Furniture & equipment	151,481	33,237	(14,111)	170,607
Total Capital Assets	\$ 4,636,643	\$ 118,084	\$ (14,111)	\$ 4,740,616
Less Accumulated Depreciation				
Building & improvements	\$ (393,639)	\$ (80,303)	\$ -	\$ (473,942)
Improvements other than buildings	(2,308)	(2,309)	-	(4,617)
Furniture & equipment	(74,133)	(25,736)	14,111	(85,758)
Total Accumulated Depreciation	\$ (470,080)	\$ (108,348)	\$ 14,111	\$ (564,317)
Capital Assets, net	\$ 4,166,563			\$ 4,176,299

Depreciation expense for the year ended June 30, 2011 was \$108,348.

NOTE 5 – RELATED PARTIES

Each of the co-directors of the School has relatives that serve on the School's board of directors. The daughter of a co-director, when home from college, was employed on a part-time basis in the after care program. (See Note 7 – Notes Payable)

NOTE 6 – LINE OF CREDIT

The School has a \$50,000 line of credit agreement with a financial institution. This advances on the credit line are payable on demand and carry an interest rate of the financial institution's Prime Rate plus 1.25%. The total outstanding balance at June 30, 2011 was \$0.

NOTE 7 – NOTES PAYABLE

On January 8, 2008, the School refinanced their note payable due to the high interest rate under the previous agreement signed on November 15, 2006. The new note is collateralized by the School's building and land. The School's co-directors are guarantors of the note payable. The School's co-directors are guarantors of the note payable as required by the bank to facilitate securing the note to the School. Even though the co-directors are personal guarantors on the note, they do not hold, or are entitled to, any security interest on the School's building and land as these assets were acquired with government funds. In addition, the board of directors signed a resolution that would pay each of the co-directors .5% of the total loan outstanding for each year that they are listed as guarantors of the loan. For the year ended June 30, 2011, the School's co-directors were paid \$18,275 each for a total of \$36,549. The note payable agreement contains a financial covenant which includes a debt service coverage ratio. At June 30, 2011, the School was in compliance with this covenant.

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – NOTES PAYABLE (Continued)

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

	Balance 7/1/2010	Additions	Retirements	Balance 6/30/2011
Note payable, issued on January 8, 2008, with monthly payments of principal and interest totaling \$24,848, bearing interest of 6.00% based on the 7-year Treasury + 2.00%. The note matures on December 20, 2014.	\$ 3,654,899	\$ -	\$ (78,023)	\$ 3,576,876

Maturities of long-term debt are as follows:

<u>Year Ended June 30</u>	
2012	\$ 82,432
2013	88,186
2014	93,704
2015	<u>3,312,554</u>
Total	<u>\$ 3,576,876</u>

NOTE 8 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in major banks and in high grade investments.

As of June 30, 2011, the carrying amount of the School’s cash deposit accounts was \$780,607 (operating) and \$102,362 (agency) and the respective bank balances totaled \$804,321 (operating) and \$108,220 (agency). As of June 30, 2011, balances held in financial institutions did not exceed the Federal Depository Insurance Corporation (FDIC) limit.

NOTE 9 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 10 – FLORIDA RETIREMENT SYSTEM

The School provides post-retirement benefits to its employee through the Florida Retirement System (FRS). The FRS is administered by the Division of Retirement in the State of Florida. During the year ended June 30, 2011, the School contributed \$138,693 to the FRS.

REQUIRED SUPPLEMENTAL INFORMATION

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,541,661	\$ 2,541,661	\$ 2,673,257
State capital outlay funding and other grants	200,000	200,000	208,298
Charges for services and other grants	520,000	520,000	475,000
Miscellaneous and interest income	15,000	15,000	24,608
TOTAL REVENUES	<u>\$ 3,276,661</u>	<u>\$ 3,276,661</u>	<u>\$ 3,381,163</u>
EXPENDITURES			
Instructional services	\$ 1,950,000	\$ 1,950,000	\$ 1,951,652
Instructional and curriculum development services	3,000	3,000	5,773
Instructional staff training services	40,000	40,000	15,059
Board	15,000	15,000	12,020
School administration	329,806	329,806	377,816
Facilities acquisition & construction	200,000	200,000	211,282
Fiscal services	20,800	20,800	30,481
Food services	58,444	58,444	64,921
Central services	116,000	116,000	81,147
Pupil transportation services	32,000	32,000	33,105
Operation of plant	188,000	188,000	146,145
Maintenance of plant	17,000	17,000	17,079
Debt services	300,000	300,000	298,179
TOTAL EXPENDITURES	<u>3,270,050</u>	<u>3,270,050</u>	<u>3,244,659</u>
Excess of revenues over expenditures	6,611	6,611	136,504
Other capital outlay	-	-	-
Net change in fund balance	<u>\$ 6,611</u>	<u>\$ 6,611</u>	<u>\$ 136,504</u>

See accompanying note to required supplemental information.

CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Special Revenue Fund</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
State capital outlay funding	\$ 200,000	\$ 200,000	\$ 208,298
TOTAL REVENUES	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 208,298</u>
EXPENDITURES			
Facilities acquisition & construction	\$ 200,000	\$ 200,000	\$ 208,298
TOTAL EXPENDITURES	<u>200,000</u>	<u>200,000</u>	<u>208,298</u>
Excess of revenues over expenditures	-	-	-
Other capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to required supplemental information.

**CORAL REEF MONTESSORI ACADEMY CHARTER SCHOOL
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2011**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2011 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

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

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

We have audited the basic financial statements of the governmental activities and each major fund of Coral Reef Montessori Academy Charter School, (the "School") a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Schools' management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, federal and state awarding agencies, the State of Florida Office of the Auditor General and other pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2011

MANAGEMENT LETTER

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

We have audited the basic financial statements of the governmental activities and each major fund of Coral Reef Montessori Academy Charter School (the "School"), a non-major component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2011, and have issued our report thereon dated August 31, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters. Disclosures in that report, which is dated August 31, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of 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. There were no findings made in the preceding annual financial audit report.
- Section 10.854(1)(e) 3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations 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 statement, considering both quantitative and qualitative factors: (1) violations 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 Coral Reef Montessori Academy Charter 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 Coral Reef Montessori Academy Charter School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Coral Reef Montessori Academy Charter School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.

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 Coral Reef Montessori Academy Charter School's management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, and the State of Florida Office of the Auditor General, and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 31, 2011