

LAWRENCE ACADEMY ELEMENTARY 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, 2011

Introductory Summary

Name and Address

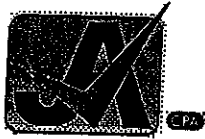
Lawrence Academy Elementary School
713 West Palm Drive
Florida City, Florida 33034

Director

Dr. Keitha Burnett

Governing Board

Althea King – Chairperson
Lula Pearson – Vice-chairperson
Chris Garcia – Treasurer
Toni Fuller - Secretary



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

I have audited the accompanying government-wide and fund financial statements of Lawrence Academy Elementary 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, 2011 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 the audit be planned and performed 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 Elementary School as of June 30, 2011 and the changes in its net assets and fund balances for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As disclosed in note 9 to the financial statements, there is substantial doubt about the school's ability to continue as a going concern because due to poor academic results in the past 2 years it's been put on probation until June 30, 2012. If academic results do not improve the school's contract with the school board is likely to be cancelled.

In accordance with Government Auditing Standards, I have also issued a report dated August 25, 2011, on the consideration of the School's internal control over financial reporting, and the test of its compliance with certain provisions of laws, regulation, contracts and grants. The report on internal control is an integral part of the audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of 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. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Verna James
Certified Public Accountant
August 25, 2011

Lawrence Academy Elementary School

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

Management's Discussion and Analysis

Year Ended June 30, 2011

The management of Lawrence Academy Elementary School has prepared this discussion and analysis to serve as an introduction to the School's financial statements. The School's financial statements for the year ended June 30, 2011 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 statements of activities, and are designed to provide readers with a broad overview of the school's finances. The statement of net assets presents information on all the School's assets and liabilities, the difference between the two being described as net assets. Increases or decreases in net asset may be an indicator of improvement or deterioration in the School's financial position.

The statement of activities presents information on how the School's net assets changed during the past year. All changes in net assets are reported when the 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 Elementary School uses fund accounting to ensure and report compliance with financial-related legal requirements. All the activities of the School are governmental activities, and are reported under governmental funds. The governmental funds 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, 2011 therefore excludes investments in capital assets, and represents resources available for expenditure in the near term.

The School's Board adopts an annual budget 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 Elementary School

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

Management's Discussion and Analysis

Year Ended June 30, 2011

Analysis of Financial Statements

Government-Wide Financial Statements

At year's end Lawrence Academy Elementary School had a sound financial position with assets exceeding liabilities by \$264,863. This is also a significant improvement over the previous year's net assets of \$211,844 as shown in the comparative statement of net assets below.

Statement of Net Assets

ASSETS

June 30, 2011 June 30, 2010

\$ \$

CURRENT ASSETS:

Cash 119,026 126,248

Due from Other Agencies 11,993 13,681

TOTAL CURRENT ASSETS 131,019 139,929

OTHER ASSETS

Security Deposit 77,768 0

TOTAL OTHER ASSETS 77,768 0

PROPERTY AND EQUIPMENT:

Furniture, Fixtures, and Equipment (Note 4) 163,197 141,178

Accumulated Depreciation (53,313) (42,542)

TOTAL PROPERTY AND EQUIPMENT 109,884 98,636

Total Assets 318,671 238,565

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Salaries & Wages Payable 53,808 0

Due to Lawrence Academy Middle School 0 26,721

TOTAL CURRENT LIABILITIES 53,808 26,721

NET ASSETS:

Invested in capital assets 109,884 98,636

Unrestricted (Note 2) 154,979 113,208

TOTAL NET ASSETS 264,863 211,844

Total Liabilities and Net Assets 318,671 238,565

Lawrence Academy Elementary School

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

Management's Discussion and Analysis

Year Ended June 30, 2011

The statement of activities shown below, indicate revenues in excess of expenditures by \$53,019 (prior year-138,491) Increased student enrollment resulted in increased revenues as well as increased expenses, and allowed us to benefit from economies of scale.

Statement of Activities

	June 30, 2011	June 30, 2010
	\$	\$
State Sources	1,109,009	836,798
Federal through State		-
Charter School Capital Outlay	0	63,287
Other Federal Grant	163,051	140,522
Local Sources	<u>2,516</u>	<u>4,336</u>
Total Revenues	1,274,576	1,044,943
Expenditures		
Instruction	627,000	471,736
Pupil Personnel Services	25,705	18,841
Instructional & Curriculum Development Services	24,592	6,489
Instructional Staff Training Services	823	1,046
Board	6,812	5,256
General Administration	121,321	99,000
School Administration	36,739	52,381
Facilities Acquisition and Construction	162,046	92,869
Fiscal Services	24,786	20,489
Food Services	86,298	65,966
Central Services	4,442	5,873
Pupil Transportation Services	37,760	24,212
Operation of Plant	38,494	19,809
Maintenance of Plant	6,354	8,958
Administrative Technology Services	4,602	3,756
Community Services	3,012	1,202
Depreciation*	<u>10,771</u>	<u>8,569</u>
Total Expenditures	<u>1,221,557</u>	<u>906,452</u>
Change in net assets	53,019	138,491
Net assets at beginning of the year	<u>211,844</u>	<u>73,353</u>
Net assets at the end of the year	<u>264,863</u>	<u>211,844</u>

Lawrence Academy Elementary School

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

Management's Discussion and Analysis

Year Ending June 30, 2011

Fund Financial Statements

At year's end Lawrence Academy Elementary School's governmental funds totaled \$77,211 (prior year - \$113,208). This is the amount that is available for near term expenditures. The difference between the fund balance and the net assets is the amount invested in fixed assets. Increases in student enrollment resulted in higher than budgeted revenues as well as expenditures.

	Annual Budget	Actual
	\$	\$
State Sources	837,100	1,109,009
Federal through State		
Charter School Capital Outlay		
Other Federal Grant	130,000	163,051
Local Sources	<u>4,500</u>	<u>2,516</u>
Total Revenues	971,600	1,274,576
Expenditures		
Instruction	489,600	645,141
Pupil Personnel Services	18,800	25,705
Instructional & Curriculum Development Services	6,500	24,592
Instructional Staff Training Services	800	823
Board	5,200	6,812
General Administration	98,900	120,096
School Administration	50,800	38,990
Facilities Acquisition and Construction	91,600	238,715
Fiscal Services	22,400	24,786
Food Services	65,700	87,580
Central Services	5,900	4,442
Pupil Transportation Services	22,800	37,760
Operation of Plant	21,100	38,495
Maintenance of Plant	9,000	6,354
Administrative Technology Services	3,700	7,272
Community Services	<u>1,200</u>	<u>3,010</u>
Total Expenditures	<u>914,000</u>	<u>1,310,573</u>
Net Change in fund balance	57,600	(35,997)
Fund balance at beginning of the year	<u>113,208</u>	<u>113,208</u>
Fund balance at the end of the year	<u>170,808</u>	<u>77,211</u>

Lawrence Academy Elementary School
(A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)
Management's Discussion and Analysis
Year ended June 30, 2011

Enrollment

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

	2010/2011	2009/2010
Grades K - 2	89	69
Grade 3	31	20
Grade 4	21	18
Grade 5	<u>23</u>	<u>17</u>
Total	<u>164</u>	<u>124</u>

Achievement

Lawrence Academy Elementary School tripled in size during the 2009/2010 school year and increased by about 1/3 for this school year. With the rapid growth, the school experienced some issues related to growth. In order to address 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. The school required teachers to return seven days prior to the opening of school for professional development and preparation. The school did not achieve the desired result for the school year just ended, but is increasing its efforts to improve student performance.

Request for Information

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

Lawrence Academy Elementary School Inc
 (A Department of Lawrence Academy Inc. And a Component Unit of Miami Dade School District)
Statement of Net Assets
As of June 30, 2011

ASSETS	\$
CURRENT ASSETS:	
Cash	119,026
Due from Other Agencies	<u>11,993</u>
TOTAL CURRENT ASSETS	<u>131,019</u>
OTHER ASSETS	
Security Deposit	<u>77,768</u>
TOTAL OTHER ASSETS	<u>77,768</u>
PROPERTY AND EQUIPMENT:	
Furniture, Fixtures, and Equipment (Note 4)	163,197
Accumulated Depreciation	<u>(53,313)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>109,884</u>
Total Assets	<u>318,671</u>
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Salaries and wages payable	<u>53,808</u>
TOTAL CURRENT LIABILITIES	<u>53,808</u>
NET ASSETS:	
Invested in capital assets	109,884
Unrestricted (Note 2)	<u>154,979</u>
TOTAL NET ASSETS	<u>264,863</u>
Total Liabilities and Net Assets	<u>318,671</u>

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

LAWRENCE ACADEMY ELEMENTARY 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, 2011

FUNCTIONS	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Component Unit Activities:	\$	\$	\$	\$	\$
Instruction	627,000	889	83,124		(542,987)
Pupil Personnel Services	25,705				(25,705)
Instruction and Curriculum Development Services	24,592				(24,592)
Instructional Staff Training Services	823				(823)
Board	6,812				(6,812)
General Administration	121,321				(121,321)
School Administration	36,739				(36,739)
Facilities Acquisition and Construction	162,046				(162,046)
Fiscal Services	24,786				(24,786)
Food Services	86,298		79,928		(6,370)
Central Services	4,442				(4,443)
Pupil Transportation Services	37,760				(37,760)
Operation of Plant	38,494				(38,494)
Maintenance of Plant	6,354				(6,354)
Administrative Technology Services	4,602				(4,602)
Community Services	3,012				(3,012)
Unallocated Depreciation Expense *	10,771				(10,771)
Total governmental activities	1,221,557	889	163,051	0	(1,057,617)

Grants and contributions not restricted to specific programs - FEFP State Funds	1,109,009
Investment earnings	14
Miscellaneous	1,613
Total general revenues, special items, and transfers	1,110,636
Change in net assets	53,019
Net assets-beginning	211,844
Net assets-ending	264,863

* 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 Elementary School

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

General Fund Balance Sheet Year Ended June 30, 2011

ASSETS

	\$
CURRENT ASSETS:	
Cash and Cash Equivalents	119,026
Due from Other Agencies	<u>11,993</u>
TOTAL CURRENT ASSETS	<u>131,019</u>
Total Assets	<u>131,019</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Salaries & Wages Payable	<u>53,808</u>
TOTAL CURRENT LIABILITIES	<u>53,808</u>
Governmental Fund Balance	<u>77,211</u>
Total Liabilities and fund balances	<u>131,019</u>

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

Lawrence Academy Elementary School
 (A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)
Reconciliation of the Government Funds Balance Sheet to the Statement Of Net Assets
As of Year Ended June 30, 2011

	\$
Total Fund Balances - Governmental Funds	77,211
Amounts reported for governmental activities in the statement of net assets are different because:	
A security deposit of facilities is not a financial resource and therefore not reported in the funds	77,768
Capital assets used in <i>governmental activities</i> are not financial resources and therefore are not reported in the funds	<u>109,884</u>
Total Net Assets - Governmental Activities	<u>264,863</u>

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

Lawrence Academy Elementary 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, 2011

	General	Capital	Special Revenues	Total General Fund
	\$	\$	\$	\$
State Sources	1,109,009			1,109,009
Federal through State				-
Charter School Capital Outlay		0		0
Other Federal Grant			163,051	163,051
Local Sources	<u>2,516</u>	-	-	<u>2,516</u>
Total Revenues	1,111,525	-	163,051	- 1,274,576
Expenditures				
Instruction	562,017		83,124	645,141
Pupil Personnel Services	25,705			25,705
Instructional & Curriculum Development Services	24,592			24,592
Instructional Staff Training Services	823			823
Board	6,812			6,812
General Administration	120,096			120,096
School Administration	38,990			38,990
Facilities Acquisition and Construction	238,715			238,715
Fiscal Services	24,786			24,786
Food Services	7,653		79,927	87,580
Central Services	4,442			4,442
Pupil Transportation Services	37,760			37,760
Operation of Plant	38,495			38,495
Maintenance of Plant	6,354			6,354
Administrative Technology Services	7,272			7,272
Community Services	3,010			3,010
Other Capital Outlay	-	-	-	-
Total Expenditures	<u>1,147,522</u>	-	<u>163,051</u>	<u>1,310,573</u>
Net Change in fund balance	(35,997)	-	-	(35,997)
Fund balance at beginning of the year	<u>113,208</u>	-	-	<u>113,208</u>
Fund balance at the end of the year	<u>77,211</u>	-	-	<u>77,211</u>

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

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

For the Year Ended June 30, 2011

	\$
Net Change in Fund Balances - Total Governmental Funds	(35,997)
 Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report a security deposit on occupied facility as expenditure while in the statement of activities it is reported as other assets.	77,768
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital outlay exceeds depreciation in the current period.	<u>11,248</u>
Change in Net Assets of Governmental Activities	<u>53,019</u>

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

Lawrence Academy Elementary School

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

Notes to financial statement

Year ended June 30, 2011

NOTE –1 NATURE OF ACTIVITIES:

Lawrence Academy Elementary 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, 2018 and may be renewed for an additional fifteen years by mutual agreement of the parties. The sponsor may cancel the contract for cause as set out in the contract.

Lawrence Academy, Inc operates two other charter schools at the same location, but each school has separate financial statements which are not incorporated in these basic 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 Elementary School

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

Notes to financial statement

Year ended June 30, 2011

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 Elementary School uses fund accounting to ensure and report compliance with financial and legal requirements. All the activities of the School are governmental activities, and are reported under governmental funds. The fund financial statements report on the same activities included in the government-wide statements, but with a focus on near term inflows and outflows. The fund balances as of June 30, 2011, 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 fund financial 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 \$1,000. Depreciation is computed using the straight line method over the estimated useful life of the asset.

Lawrence Academy Elementary School

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

Notes to financial statement

Year ended June 30, 2011

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 Middle School, and Lawrence Academy Senior High 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.

Lawrence Academy Elementary School
(A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)
Notes to financial statement
Year ended June 30, 2011

NOTE 4 – CAPITAL ASSETS

Changes in capital asset balances for the year ended June 30, 2009

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
	\$	\$	\$	\$
Land	-	-	-	-
Improve. Other than Buildings (Non-Deprec.)	-	-	-	-
Buildings and Improvements	-	-	-	-
Furniture, Fixtures, and Equipment	<u>141,178</u>	<u>22,019</u>	<u>-</u>	<u>163,197</u>
	141,178	22,019	-	163,197
Less: Accumulated Depreciation	<u>42,542</u>	<u>10,771</u>	<u>-</u>	<u>53,313</u>
Total	98,636	11,248	-	109,884

NOTE 5 – GRANT SOURCES

Below is a schedule of sources of grants for the year ended June 30, 2011:

	\$
Title 1 Funds	68,249
Education Jobs Grant	17,875
National School Lunch Program	79,928
Teacher Recognition Program	6,376
Florida Education Finance Program	<u>1,102,633</u>
Total	<u>1,275,061</u>

Lawrence Academy Elementary School

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

Notes to financial statement

Year ended June 30, 2011

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 at 713 Palm Drive, Florida City. The school took possession of the building on August 1st, 2011. The lease for the first 3 years has been adjusted to a per student rate instead of the fixed amounts in the original lease. For purposes of this note enrollment is assumed to remain at 385. Future Lease payments are as follows:

	\$
Year ending June 30, 2012	554,400
Year ending June 30, 2013	554,400
Year ending June 30, 2014	554,400
Year ending June 30, 2015	786,763
Year ending June 30, 2016	810,366
Thereafter	<u>9,568,640</u>
Total	<u>12,828,968</u>

Lawrence Academy Inc. manages Lawrence Academy Elementary School 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 Elementary School
 (A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)
Budgetary Comparison
 Year ended June 30, 2011
 Governmental Funds

	Annual Budget	Actual
	\$	\$
State Sources	837,100	1,109,009
Federal through State		
Charter School Capital Outlay		
Other Federal Grant	130,000	163,051
Local Sources	<u>4,500</u>	<u>2,516</u>
Total Revenues	971,600	1,274,576
Expenditures		
Instruction	489,600	645,141
Pupil Personnel Services	18,800	25,705
Instructional & Curriculum Development Services	6,500	24,592
Instructional Staff Training Services	800	823
Board	5,200	6,812
General Administration	98,900	120,096
School Administration	50,800	38,990
Facilities Acquisition and Construction	91,600	238,715
Fiscal Services	22,400	24,786
Food Services	65,700	87,580
Central Services	5,900	4,442
Pupil Transportation Services	22,800	37,760
Operation of Plant	21,100	38,495
Maintenance of Plant	9,000	6,354
Administrative Technology Services	3,700	7,272
Community Services	<u>1,200</u>	<u>3,010</u>
Total Expenditures	<u>914,000</u>	<u>1,310,573</u>
Net Change in fund balance	57,600	(35,997)
Fund balance at beginning of the year	<u>113,208</u>	<u>113,208</u>
Fund balance at the end of the year	<u>170,808</u>	<u>77,211</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 Elementary School
(A Department of Lawrence Academy Inc. and a Component Unit of Miami Dade School District)
777 W. Palm Drive
Florida City, FL 33177

I have audited the basic financial statements of Lawrence Academy Elementary School (the School) as of and for the year ended June 30, 2011 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 Elementary School, are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, no opinion is provided. 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, I 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. There were no matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses. However, other matters involving internal control over financial reporting, were reported to management.

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



Verna James
Certified Public Accountant

August 25, 2011



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, 2011

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

I have audited the financial statements of the Lawrence Academy Elementary School, as of and for the fiscal year ended June 30, 2011, and have issued the report thereon dated August 25, 2011.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States as they relate to financial audits. I have issued an Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, 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, 2011, should be considered in conjunction with this management letter.

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

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

Prior Year Findings and Recommendations

Evidence of prior approval of payments

There was not consistent evidence of prior approval of some purchases. The transactions in question were book purchases which were ordered online. Because of the nature of the items involved it is extremely important that these purchases are properly approved, and evidence of the approval secured as part of your records. For online orders, a confirmation of the order is available to be printed. This confirmation should be approved by the appropriate personnel, and be presented along with signed delivery document to support a payment request.

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

Inclusion of all Transactions

It was found that checks written in June 2011, but not paid by bank until July 2011 were initially excluded from the financial statements.

Recommendation

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

Management's Response

Management now understands that checks are to be entered from the check stubs rather than the bank statements to ensure that all transactions are accounted for.

Properly completed employee files

These were generally adequate, but evidence of county approval was not available for employees who had left the school since once they leave Lawrence Academy, they are removed from the county's data base.

Recommendation

The approval should be placed on the file at the time it is given.

Management's response

County approval of employees will be placed on file at the time it's received.

The use of the time clock

It seems that many employees forget to punch in or out several times per month or make error when signing in or out. This is a significant override of the time keeping control which creates added work for payroll personnel, and creates opportunities for errors and abuse.

Recommendation

1. Employees should not be paid when they forget to punch in. Employee contracts should include a clause making it clear that time is paid for only if it is recorded by the time clock. (It is understood that there are appropriate exceptions such as when an employee has duties away from school premises)
2. The time clock should be programed to avoid errors such as allowing an employee to sign out when he had not yet signed in or sign in when he had already signed in.

Management's Response

We agree that these procedures should be implemented, and will check with the provider of the clock to see what programming changes are possible.

The Minutes as a Record of Board Governance

It is important that actions taken by the board are properly recorded. Approving the budget is a different task from approving the quarterly financial statements, and the period of the financial statements being approved is also important. The minutes should reflect that the board is aware of these differences.

Recommendation

The minutes should have a section for corrections, so that any errors made in the minutes can be corrected, and the actions of the Board properly recorded.

Management's Response

Management will make these changes in the minutes.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that the auditor 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 the audit, there were no 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 the audit, there were no 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 Elementary 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 the audit, it was determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, financial condition assessment procedures were applied. It is management's responsibility to monitor the financial condition of the School, and 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 that the auditor indicates 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.



Verna James
Certified Public Accountant

August 25, 2011

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

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

Althea King
Chairperson
The Board of Directors
Lawrence Academy Elementary School

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

August 25, 2011

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.

Prior Year Findings and Recommendations

Evidence of prior approval of payments

There was not consistent evidence of prior approval of some purchases. The transactions in question were book purchases which were ordered online. Because of the nature of the items involved, it is extremely important that these purchases are properly approved, and evidence of the approval secured as part of your records. For online orders, a confirmation of the order is available to be printed. This confirmation should be approved by the appropriate personnel, and be presented along with signed delivery document to support a payment request.

Management's Response

Management has agreed that each payment request will be supported by an approved purchase order, an invoice signed by a responsible staff member who is in a position to know that the service being 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)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:

Inclusion of all Transactions

It was found that checks written in June 2011, but not paid by bank until July 2011 were initially excluded from the financial statements.

Recommendation

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

Management's Response

Management now understands that checks are to be entered from the check stubs rather than the bank statements to ensure that all transactions are accounted for.

Properly completed employee files

These were generally adequate, but evidence of county approval was not available for employees who had left the school since once they leave Lawrence Academy, they are removed from the county's data base.

Recommendation

The approval should be placed on the file at the time it is given.

Management's response

County approval of employees will be placed on file at the time it's received.

The use of the time clock

It seems that many employees forget to punch in or out several times per month or make error when signing in or out. This is a significant override of the time keeping control which creates added work for payroll personnel, and creates opportunities for errors and abuse.

Recommendation

1. Employees should not be paid when they forget to punch in. Employee contracts should include a clause making it clear that time is paid for only if it is recorded by the time clock. (It is understood that there are appropriate exceptions such as when an employee has duties away from school premises)

2. The time clock should be programed to avoid errors such as allowing an employee to sign out when he had not yet signed in or sign in when he had already signed in.

Management's Response

We agree that these procedures should be implemented, and will check with the provider of the clock to see what programming changes are possible.

The Minutes as a Record of Board Governance

It is important that actions taken by the board are properly recorded. Approving the budget is a different task from approving the quarterly financial statements, and the period of the financial statements being approved is also important. The minutes should reflect that the board is aware of these differences.

Recommendation

The minutes should have a section for corrections, so that any errors made in the minutes can be corrected, and the actions of the Board properly recorded.

Management's Response

Management will make these changes in the minutes.

Althea King
August 25, 2011