

Lawrence Academy Middle School
 (A Department of Lawrence Academy Inc. and a Component Unit of Miami-Dade County School District)
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011
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Lawrence Academy Middle School

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011

Introductory Summary

Name and Address

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

Director

Dr. Keitha Burnett

Governing Board

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



James Accounting & Tax Practice, P.A.

10749 SW 104 Street, Miami FL 33176, Tel: 305-595-2886
email: verna@jamesaccounting.com Website: www.jamesaccounting.com

Report of Independent Auditor

To The Board of Directors
Lawrence Academy, Inc
777 W. Palm Drive
Florida City, FL 33177

I have audited the accompanying government-wide and fund financial statements of Lawrence Academy Middle School (a department of Lawrence Academy Inc. and a component unit of Miami-Dade County School District) as listed in the table of contents as of June 30, 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 we plan and perform the audit to obtain reasonable assurance about whether these statements are free from material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting principles used, and significant estimates made by management, and examining the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements mentioned in the first paragraph, present fairly, in all material respects, the financial position of Lawrence Academy Middle School as of June 30, 2011 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated August 25, 2011, on our consideration of the school's internal control over financial reporting, and our test of its compliance with certain provisions of laws, regulation, contracts and grants. The report on internal control is an integral part of the audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

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

Verna James
Certified Public Accountant

August 25, 2011

Lawrence Academy Middle School

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

Management's Discussion and Analysis

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

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

Fund Financial Statements (pages 10-13)

A fund is a self balancing set of related accounts grouped together to maintain control over resources that have been provided for specific activities, projects, or objectives. Lawrence Academy Middle School uses fund accounting to ensure and report compliance with financial-related legal requirements. All the activities of the School are governmental activities, and are reported under the governmental funds, as there are no activities that require separate reporting. The fund financial statements report on the same activities included in the government-wide statements, but with a focus on near term inflows and outflows. The fund balance as of June 30, 2011, therefore excludes investments in fixed assets, and represents resources available for expenditure in the near term.

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

Notes to the Financial Statements

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

Lawrence Academy Middle School

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

Management's Discussion and Analysis

June 30, 2011

Analysis of Financial Statements

Government-Wide Financial Statements

At year's end Lawrence Academy Middle School had a sound financial position with assets exceeding liabilities by \$221,826 as shown in the comparative statement of net assets below.

Statement of Net Assets

ASSETS	June 30, 2011	June 30, 2010
	\$	\$
CURRENT ASSETS:		
Cash	157,990	181,273
Security Deposit	61,476	0
Due From Other Agencies	<u>9,844</u>	<u>120,431</u>
TOTAL CURRENT ASSETS	<u>229,310</u>	<u>301,704</u>
PROPERTY AND EQUIPMENT:		
Furniture, Fixtures, and Equipment (Note 4)	244,928	227,522
Accumulated Depreciation	<u>(168,437)</u>	<u>(154,475)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>76,491</u>	<u>73,047</u>
Total Assets	<u>305,801</u>	<u>374,751</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Salaries, Benefits & Payroll Taxes Payable	83,975	80,426
Other accrued liabilities	<u>0</u>	<u>12,000</u>
TOTAL CURRENT LIABILITIES	<u>83,975</u>	<u>92,426</u>
NET ASSETS		
Invested in capital assets	76,491	73,047
Unrestricted (Note 2)	<u>145,335</u>	<u>209,278</u>
TOTAL NET ASSETS	<u>221,826</u>	<u>282,325</u>
Total Liabilities and Net Assets	<u>305,801</u>	<u>374,751</u>

Lawrence Academy Middle School

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

Management's Discussion and Analysis

June 30, 2011

The statement of activities shown below indicates decreases in revenues and net assets due to cuts in budget allocations. The school has also spent more to improve facilities and teacher training in order to improve academic performance. For the year ended June 30, 2011 nets assets decreased by \$60,499 compared with an increase of \$150,032 for the year ended June 30, 2010.

Statement of Activities

	Year ended June 30, 2011	Year ended June 30, 2010
REVENUES	\$	\$
State Sources	781,250	928,189
Federal through State		
Charter School Capital Outlay	58,731	85,456
Other Federal Grants	151,616	111,981
Charges for Services and Other Local Sources	<u>1,909</u>	<u>6,434</u>
Total Revenue	993,506	1,132,060
 EXPENSES		
Instruction	510,288	436,487
Pupil Personnel Services	22,073	23,173
Instruction Curriculum Development		
Services	17,782	7,174
Instructional Staff Training Services	2,673	1,411
Board	6,975	6,527
General Administration	94,633	116,073
School Administration	60,488	66,121
Facilities Acquisition and Construction	128,097	128,584
Fiscal Services	21,610	25,745
Food Services	72,487	81,153
Central Services	5,924	7,935
Pupil Transportation Services	31,124	27,977
Operation of Plant	51,326	29,712
Maintenance of Plant	8,472	11,944
Administrative Technology Services	3,678	4,241
Community Services	2,414	1,475
Unallocated depreciation expenses	<u>13,961</u>	<u>6,296</u>
Total Expenses	1,054,005	982,028
 CHANGE IN NET ASSETS	 (60,499)	 150,032
 NET ASSET AT THE BEGINNING OF YEAR	 <u>282,325</u>	 <u>132,293</u>
NET ASSETS AT THE END OF YEAR	<u>221,826</u>	<u>282,325</u>

Lawrence Academy Middle School

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

Management's Discussion and Analysis

June 30, 2011

Fund Financial Statements and Budgetary Analysis

At year's end Lawrence Academy Middle School's governmental fund balances equaled \$83,859. This is the amount that is available for near term expenditures. The difference between fund balance and net assets is the amount invested in fixed assets. Less than budgeted student enrollment resulted in lower income but expenditures for improved teacher training and facilities were made.

	Annual Budget	Actual
State Sources	\$	\$
Florida Education Finance Program	927,900	781,250
Federal through State		
Charter School Capital Outlay	85,000	58,731
Other Federal Grants	111,800	151,616
Local Sources	<u>6,600</u>	<u>1,909</u>
	1,131,300	993,506
Expenditures		
Instruction	431,200	524,625
Pupil Personnel Services	23,100	22,073
Instruction Curriculum and Development Services	7,200	17,782
Instructional Staff Training Services	900	643
Board	6,500	6,975
General Administration	116,400	94,632
School Administration	63,000	62,266
Facilities Acquisition and Construction	123,800	189,573
Fiscal Services	27,300	21,610
Food Services	81,400	73,501
Central Services	8,000	5,924
Pupil Transportation Services	27,900	31,124
Operation of Plant	28,700	51,328
Maintenance of Plant	11,900	8,472
Administrative Technology Services	4,300	5,983
Community Services	<u>1,500</u>	<u>2,414</u>
Total Expenditures	<u>963,100</u>	<u>1,118,925</u>
Net Change in fund balance	168,200	(125,419)
Fund balance at beginning of the year	<u>209,278</u>	<u>209,278</u>
Fund balance at the end of the year	<u>377,478</u>	<u>83,859</u>

Lawrence Academy Middle School

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

Management's Discussion and Analysis

June 30, 2011

Enrollment

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

	2010/2011	2009/2010
Grade 6	39	72
Grade 7	60	37
Grade 8	33	39
Total	<u>132</u>	<u>148</u>

Achievement

Lawrence Academy Middle School received its accreditation in the spring of 2009 from the Southern Association of Schools and Colleges. Enrollment at the school increased nearly 30 percent during the 2009/2010 school year. With this increase, the school experienced issues related to growth. In order to deal with these issues management has actively taken measures, such as increased teacher training and mandatory after school program for students whose FCAT scores were below expectations. As a result of measures taken the school achieved a grade of B for the school year 2010/2011. The school achieved the biggest gain of all middle schools in the county.

Request for Information

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

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

ASSETS	\$
CURRENT ASSETS:	
Cash	157,990
Security Deposit	61,476
Due From Other Agencies	<u>9,844</u>
TOTAL CURRENT ASSETS	<u>229,310</u>
OTHER ASSETS	
Security Deposit	<u>61,476</u>
TOTAL OTHER ASSETS	<u>61,476</u>
PROPERTY AND EQUIPMENT:	
Furniture, Fixtures, and Equipment (Note 4)	244,928
Accumulated Depreciation	<u>(168,437)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>76,491</u>
Total Assets	<u>305,801</u>
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Salaries, Benefits & Payroll Taxes Payable	<u>83,975</u>
TOTAL CURRENT LIABILITIES	<u>83,975</u>
NET ASSETS	
Invested in capital assets	76,491
Unrestricted (Note 2)	<u>145,335</u>
TOTAL NET ASSETS	<u>221,826</u>
Total Liabilities and Net Assets	<u>305,801</u>

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

Lawrence Academy Middle School

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

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2011

FUNCTIONS	Program Revenues			Net (Expense)	
Component Unit Activities:	Expenses	Charges for	Operating	Capital	Revenue
Component Unit Activities:	\$	\$	Grants and	Grants and	and Changes in
Component Unit Activities:	\$	\$	Contributions	Contributions	Net Assets
Component Unit Activities:	\$	\$	\$	\$	Component Unit
Component Unit Activities:	\$	\$	\$	\$	Activities
Instruction	510,288	792	86,011		(423,485)
Pupil Personnel Services	22,073				(22,073)
Instruction and Curriculum Development Services	17,782				(17,782)
Instructional Staff Training Services	2,673				(2,673)
Board	6,975				(6,975)
General Administration	94,632				(94,632)
School Administration	60,487				(60,487)
Facilities Acquisition and Construction	128,097			58,731	(69,366)
Fiscal Services	21,610				(21,610)
Food Services	72,487		65,605		(6,882)
Central Services	5,924				(5,924)
Pupil Transportation Services	31,124				(31,124)
Operation of Plant	51,328				(51,328)
Maintenance of Plant	8,472				(8,472)
Administrative Technology Services	3,678				(3,678)
Community Services	2,414				(2,414)
Unallocated Depreciation Expense *	<u>13,961</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(13,961)</u>
Total governmental activities	1,054,005	792	151,616	58,731	(842,866)
Grant and contributions not restricted to specific programs					781,250
Investment earnings					213
Miscellaneous					904
Total general revenues					<u>782,367</u>
Change in Net Assets					(60,499)
Net Assets at the start of the year					<u>282,325</u>
Net Assets at the end of the year					<u>221,826</u>

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

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

Lawrence Academy Middle School

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

General Fund Balance Sheet Year Ended June 30, 2011

ASSETS

\$

CURRENT ASSETS:

Cash and Cash Equivalents 157,990

Due from Other Agencies 9,844

TOTAL CURRENT

ASSETS 167,834

Total Assets 167,834

LIABILITIES AND NET ASSETS

LIABILITIES:

Salaries, Benefits & Payroll Taxes
Payable 83,975

TOTAL CURRENT LIABILITIES 83,975

Governmental Fund balance 83,859

Total Liabilities and fund balances 167,834

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

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

	\$
Total Fund Balances - Governmental Funds	83,859
	0
	0
Amounts reported for governmental activities in the statement of net assets are different because:	
	0
	0
Security deposit on premises is not a financial resource and there for not reported in the fund	61,476
Capital assets used in <i>governmental activities</i> are not financial resources and therefore are not reported in the fund	<u>76,491</u>
 Total Net Assets - Governmental Activities	 <u>221,826</u>

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

Lawrence Academy Middle School

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

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2011

	General Fund	Capital	Special Revenue	Total
	\$	\$	\$	\$
State Sources	781,250			781,250
Federal through State				-
Charter School Capital Outlay		58,731		58,731
Other Federal Grants			151,616	151,616
Local Sources	<u>1,909</u>	<u>-</u>	<u>-</u>	<u>1,909</u>
Total Revenues	783,159	58,731	151,616	993,506
 Expenditures				
Instruction	438,614		86,011	524,625
Pupil Personnel Services	22,073			22,073
Instruction Curriculum and Development Services	17,782			17,782
Instructional Staff Training Services	643			643
Board	6,975			6,975
General Administration	94,632			94,632
School Administration	62,266			62,266
Facilities Acquisition and Construction	130,842	58,731		189,573
Fiscal Services	21,610			21,610
Food Services	7,896		65,605	73,501
Central Services	5,924			5,924
Pupil Transportation Services	31,124			31,124
Operation of Plant	51,328			51,328
Maintenance of Plant	8,472			8,472
Administrative Technology Services	5,983			5,983
Community Services	2,414			2,414
Other Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	908,578	58,731	151,616	1,118,925
 Net Change in fund balance	 (125,419)	 -	 -	 (125,419)
 Fund balance at beginning of the year	 <u>209,278</u>	 <u>-</u>	 <u>-</u>	 <u>209,278</u>
 Fund balance at the end of the year	 <u>83,859</u>	 <u>-</u>	 <u>-</u>	 <u>83,859</u>

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

Lawrence Academy Middle School

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

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

For the Year Ended June 30, 2011

	\$
Net Change in Fund Balance	(125,419)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense is less than capital outlays in the current period.	3,444
Governmental funds report a security deposit on premises occupied as expenditures, however in the statement of activities, a security deposit is treated as an asset.	61,476
Change in Net Assets of Governmental Activities	<u>(60,499)</u>

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

Lawrence Academy Middle School

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

Notes to financial statement

Year ended June 30, 2011

NOTE –1 NATURE OF ACTIVITIES:

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

Lawrence Academy, Inc operates 2 other charter schools (Lawrence Academy Senior High and Lawrence Academy Elementary) from the same location. Although the three schools share certain facilities, they all have separate financial statements. The financial statements for the Senior High and the Elementary schools are not incorporated in these financial statements.

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

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

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

Lawrence Academy Middle School

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

Notes to financial statement

Year ended June 30, 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 Middle 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 the general fund, as there are no activities that require separate reporting. The general fund reports on the same activities included in the government-wide statements, but with a focus on near term inflows and outflows. The general fund balance as of June 30, 2010, therefore excludes investments in fixed assets, and represents resources available for expenditure in the near term.

Basis of Accounting and Measurement Focus

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

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

Use of estimates

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

Functional allocation of expenses

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

Property and equipment

The organization capitalizes all expenditures for fixed assets in excess of \$1,000. Depreciation is computed using the straight line method over the estimated useful life of the asset.

Lawrence Academy Middle School

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

Notes to financial statement

Year ended June 30, 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 Senior High, and Lawrence Academy Elementary School which are also departments of the corporation. The three schools share certain costs as a result of operating out of the same facility. The schools may also advance monies temporarily, to each other.

Lawrence Academy Middle School

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

Notes to financial statement

Year ended June 30, 2011

NOTE 4 – CAPITAL ASSETS

Changes in capital asset balances for the year ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
	\$	\$		\$
Buildings and Improvements	46,511		-	46,511
Furniture, Fixtures, and Equipment	181,011	17,406		198,417
	227,522	17,406		244,928
Less: Accumulated Depreciation	154,475	13,962		168,437
Total	73,047	3,444		76,491

NOTE 5 – GRANT SOURCES

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

	\$
National School Lunch Program	65,605
Capital Outlay Funding	58,731
State and Federal Recognition Funds	20,456
Title 1 Funds	72,857
Florida Education Finance Program	773,948
Total	991,597

Lawrence Academy Middle School

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

Notes to financial statement

Year ended June 30, 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	810,336
Thereafter	<u>9,568,640</u>
Total	<u>12,828,969</u>

Lawrence Academy Inc. manages Lawrence Academy Middle 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 Middle School

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

Budgetary Comparison Year ended June 30, 2011 Governmental Funds

	Annual Budget	Actual
State Sources	\$	\$
Florida Education Finance Program	927,900	781,250
Federal through State		
Charter School Capital Outlay	85,000	58,731
Other Federal Grants	111,800	151,616
Local Sources	<u>6,600</u>	<u>1,909</u>
	1,131,300	993,506
Expenditures		
Instruction	431,200	524,625
Pupil Personnel Services	23,100	22,073
Instruction Curriculum and Development Services	7,200	17,782
Instructional Staff Training Services	900	643
Board	6,500	6,975
General Administration	116,400	94,632
School Administration	63,000	62,266
Facilities Acquisition and Construction	123,800	189,573
Fiscal Services	27,300	21,610
Food Services	81,400	73,501
Central Services	8,000	5,924
Pupil Transportation Services	27,900	31,124
Operation of Plant	28,700	51,328
Maintenance of Plant	11,900	8,472
Administrative Technology Services	4,300	5,983
Community Services	<u>1,500</u>	<u>2,414</u>
Total Expenditures	<u>963,100</u>	<u>1,118,925</u>
Net Change in fund balance	168,200	(125,419)
Fund balance at beginning of the year	<u>209,278</u>	<u>209,278</u>
Fund balance at the end of the year	<u>377,478</u>	<u>83,859</u>



James Accounting & Tax Practice, P.A.

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

To the Board of Directors
Lawrence Academy Middle School
A department of Lawrence Academy Inc. and
A component unit of the School District of Miami-Dade County
713 West Palm Drive
Florida City, Florida 33034

I have audited the basic financial statements of Lawrence Academy Middle School (the School) as of and for the year ended June 30, 2011 and have issued a report thereon dated August 25, 2011. 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 Middle 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, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing the audit, I considered internal control over financial reporting in order to determine auditing procedures for the purpose of expressing an opinion on the financial statements, and not to provide assurance on the internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the school's internal control over financial reporting. My consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control reporting that might be considered significant deficiencies or material weaknesses. However as discussed, below, we identified certain deficiencies in internal control over financial reporting considered to be significant deficiencies. A control deficiency exists when the design or operation of a control does not allow

management or employees, in the normal course of performing their assigned duties, to prevent or detect misstatements on a timely basis.

A material weakness is a condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. There were no matters involving the internal control over financial reporting and its operation that was considered to be material weaknesses. However, there were other matters involving internal control over financial reporting, which I reported to management of Lawrence Academy Middle School.

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 Middle School
713 West Palm Drive
Florida City, Florida 33034

I have audited the financial statements of the Lawrence Academy Middle School, as of and for the fiscal year ended June 30, 2011, and have issued our 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 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 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, 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.

- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings
- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings
- Section 10.854(1)(e)6, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is *Lawrence Academy Middle School*
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Lawrence Academy Middle School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the financial condition of Lawrence Academy Middle School, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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



Verna James
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 Senior High

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.

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Management's Response

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Recommendation

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Management's Response

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Althea King
August 25, 2011