

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**BASIC FINANCIAL STATEMENTS, SUPPLEMENTARY
INFORMATION AND REGULATORY REPORTS**

JUNE 30, 2007

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INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Board of Directors
The Richardson Montessori Academy, Inc.,
a Charter School and Component Unit of
the School District of Hillsborough County
Tampa, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of The Richardson Montessori Academy, Inc. ("the Academy"), a Charter School and Component Unit of the School District of Hillsborough County, as of and for the year ended June 30, 2007 which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Academy as of June 30, 2007, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2007 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7 and budgetary comparison information on pages 23 and 24 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements taken as a whole. The accompanying Schedule of Revenues, Expenditures and Changes Budget and Actual – Governmental Funds – Capital Outlay (page 25) is presented for purposes of additional analysis and is not a required part of the basic financial statements and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



CERTIFIED PUBLIC ACCOUNTANTS

Tampa, Florida
August 23, 2007



MANAGEMENT'S DISCUSSION AND ANALYSIS

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Richardson Montessori Academy, Inc.’s (“the Academy”) management has prepared this Management’s Discussion and Analysis (MD&A) to provide readers with highlights of various financial and non-financial events of the past year. In addition, the analysis will also provide the reader with the following information:

- A brief discussion of the basic financial statements, including how they relate to each other and the significant differences in information they provide.
- Condensed current and prior year financial information and a comparative analysis to discuss the reasons for significant changes and factors that significantly affected current year operations.
- A review and analysis of individual fund financial information, including the reasons for significant changes in fund balances or net assets.
- An analysis of significant variations between original and final budget amounts and the actual budgets results.
- A description of currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations.

Because the information contained in the MD&A is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the Academy’s basic financial statements as described in the table of contents.

BASIC FINANCIAL STATEMENTS – AN OVERVIEW:

The basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to basic financial statements

In addition, this report presents certain required supplementary information, which includes management’s discussion and analysis.

Government-wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the Academy’s overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the Academy presented on the accrual basis of accounting. The statement of net assets provides information about the government’s financial position, its net assets and liabilities, using an economic resources

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MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS – AN OVERVIEW (continued):

measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the Academy. The statement of activities presents information about the change in the Academy's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets is an indication of whether the Academy's financial health is improving or deteriorating.

The government-wide statements present the Academy's activities in one category:

Government activities - This represents most of the Academy's services including its educational programs: basic education. The State's education finance program provides most of the resources that support these activities.

Over a period of time, changes in the Academy's net assets are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other non-financial factors, such as changes in the Academy's student enrollment, and the condition of the Academy's capital assets including its school building and administrative facilities.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by grant agreements, such as federal grants. Fund financial statements provide more detailed information about the Academy's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

All of the Academy's funds may be classified in one broad category:

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the government funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS – AN OVERVIEW (continued):

This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statement provides a detailed short-term view that may be used to evaluate the Academy's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation of governmental funds to governmental activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS:

This section is used to present condensed financial information from the government-wide statements that compare the current year to the prior year.

	Net Assets	
	2007	2006
Current and other assets	\$ 215,561	\$ 58,998
Capital assets	249,051	255,878
Total assets	464,612	314,876
Current liabilities	(27,477)	(18,097)
Net assets:		
Invested in capital assets, net of related debt	249,051	255,878
Restricted	11,309	9,242
Unrestricted	176,775	31,659
Total net assets	\$ 437,135	\$ 296,779

The Academy's net assets have increased due to the increase in student enrollment from the prior year.

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**THE RICHARDSON MONTESSORI ACADEMY, INC.
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MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued):

Both revenues and expenditures increased during the year. Revenue and expenditure increases were related to an increase in student enrollment.

	Changes in Net Assets	
	2007	2006
Revenues:		
Program revenues:		
Federal grants	\$ 12,647	\$ -
Capital grants	60,039	24,115
General revenues:		
Other	506,240	315,637
Total revenues	578,926	339,752
Program expenses:		
Instruction	160,960	122,885
School administration	83,366	107,249
Other expenses	194,244	173,894
Total expenses	438,570	404,028
Increase (decrease) in net assets	\$ 140,356	\$ (64,276)

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS:

This section provides an analysis of the balances and transactions of individual funds, the reasons for significant changes in fund balances or fund net assets and whether there are any restrictions, commitments, or other limitations that could significantly affect the availability of fund resources for future use.

- State and federal sources of revenue increased by approximately \$239,000, from approximately \$340,000 in 2006 to approximately \$579,000 in 2007. This is due to the increase of student enrollment and the receipt of approximately \$13,000 in Title I funds.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
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MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND LONG-TERM DEBT:

- Capital assets increased by approximately \$3,000 during the year due to an acquisition of equipment. There were no capital asset deletions during 2007.
- There was no borrowing during the year ending June 30, 2007.

BUDGET VARIANCE IN THE GENERAL FUND:

The significant variation between the final budget and actual amounts were as follows:

- The Academy expected and budgeted for state and local funding that did not materialize resulting in a revenue shortfall of approximately \$43,000. Capital outlay funding produced additional revenue of approximately \$24,000 due to an increase in enrollment.
- Instruction expenditures were under budget by approximately \$93,000 because of teacher aide vacancies.
- Operation and maintenance of plant expenditures was over budget by approximately \$10,000. The higher than planned expenses were primarily for repairs and an office equipment lease.

SIGNIFICANT ECONOMIC FACTORS OR OTHER CONDITIONS:

As indicated by the current Statement of Activities, changes in net assets, the Academy has benefited from a considerable operating gain of approximately \$140,000 this year. The increase was the result of a higher child census this year compared to the prior year. Management believes that the child census will stabilize at approximately 90 students through the fiscal year ending June 30, 2008, and has prepared a budget for fiscal year 2008 showing a student population at 90 FTE while at the same time controlling expenses in order to achieve a projected excess of revenues over expenditures.

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BASIC FINANCIAL STATEMENTS

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007**

	Primary Government		Memorandum Only
	Governmental Activities	Totals	2006 Total
<u>ASSETS</u>			
Cash and cash equivalents (Note 1)	\$ 186,222	\$ 186,222	\$ 44,996
Amounts due from primary government	8,021	8,021	1,500
Due from related party (Note 4)	3,018	3,018	-
Capital assets (Note 2)	249,051	249,051	255,878
Deposits	11,500	11,500	11,500
School building project	6,800	6,800	-
Other assets	-	-	1,002
	\$ 464,612	\$ 464,612	\$ 314,876
Total assets			
<u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	\$ 20,563	\$ 20,563	\$ 9,278
Accrued wages and withholdings	6,914	6,914	8,819
	27,477	27,477	18,097
Total current liabilities			
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt, if any	249,051	249,051	255,878
Restricted for capital projects	11,309	11,309	9,242
Unrestricted	176,775	176,775	31,659
	437,135	437,135	296,779
Total net assets			
Total liabilities and net assets	\$ 464,612	\$ 464,612	\$ 314,876

The notes to basic financial statements are an integral part of this statement.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

	Program Revenues		Net (Expense) Revenue And Changes in Net Assets		Memorandum Only
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Total	
					Expenses
FUNCTIONS					
Governmental activities:					
Instruction	\$ 160,960	\$ -	\$ (148,313)	\$ (148,313)	\$ (122,885)
Instructional staff training services	-	-	-	-	7,370
General support services	9,007	-	(9,007)	(9,007)	(8,212)
School administration	83,366	-	(83,366)	(83,366)	(107,249)
Administrative fee	25,088	-	(25,088)	(25,088)	(15,682)
Fiscal services	9,900	-	(9,900)	(9,900)	(10,110)
Food services	-	-	-	-	(14,160)
Operation of plant	59,178	-	(59,178)	(59,178)	(83,802)
Maintenance of plant	23,674	-	(23,674)	(23,674)	(15,888)
Other capital outlay	57,972	-	2,067	2,067	-
Unallocated depreciation/ amortization expense	9,425	-	(9,425)	(9,425)	(9,295)
Total governmental activities	438,570	60,039	(365,884)	(365,884)	(379,913)
Business-type activities:	-	-	-	-	-
Total primary government	\$ 438,570	\$ 60,039	(365,884)	(365,884)	(379,913)
General revenues:					
Grants and contributions not restricted to specific programs		506,240		506,240	315,637
Change in net assets		140,356		140,356	(64,276)
Net assets - July 1, 2006		296,779		296,779	361,055
Net assets - June 30, 2007		\$ 437,135		\$ 437,135	\$ 296,779

The notes to basic financial statements are an integral part of this statement.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
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**BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007**

	General Fund	Public Education Capital Outlay (PECO)	Totals Governmental Funds
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 174,913	\$ 11,309	\$ 186,222
Amounts due from primary government	8,021	-	8,021
Due from related party	3,018	-	3,018
Deposits	11,500	-	11,500
School building project	6,800		6,800
 Total assets	 \$ 204,252	 \$ 11,309	 \$ 215,561
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 20,563	\$ -	\$ 20,563
Accrued wages and withholdings	6,914	-	6,914
 Total current liabilities	 27,477	 -	 27,477
 <u>FUND BALANCES</u>			
Fund balances:			
Unreserved	176,775	-	176,775
Reserved	-	11,309	11,309
 Total fund balances	 176,775	 11,309	 188,084
 Total liabilities and fund balances	 \$ 204,252	 \$ 11,309	 \$ 215,561

The notes to basic financial statements are an integral part of this statement.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET ASSETS
JUNE 30, 2007**

Total fund balances - Governmental funds	\$ 188,084
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>249,051</u>
Total net assets - Governmental activities	<u><u>\$ 437,135</u></u>

The notes to basic financial statements are an integral part of this statement.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2007**

	General	Other Federal Programs	Public Education Capital Outlay (PECO)	Total Governmental Funds
Revenues:				
Federal through state	\$ -	\$ 12,647	\$ -	\$ 12,647
State sources	501,754	-	60,039	561,793
Other	4,486	-	-	4,486
Total revenues	<u>506,240</u>	<u>12,647</u>	<u>60,039</u>	<u>578,926</u>
Expenditures:				
Current:				
Instruction	148,313	12,647	-	160,960
General support services	9,007	-	-	9,007
School administration	83,366	-	-	83,366
Administrative fee	25,088	-	-	25,088
Fiscal services	9,900	-	-	9,900
Operation of plant	59,178	-	-	59,178
Maintenance of plant	23,674	-	-	23,674
Capital outlay:				
Facilities	-	-	57,972	57,972
Other capital outlay	2,598	-	-	2,598
Total expenditures	<u>361,124</u>	<u>12,647</u>	<u>57,972</u>	<u>431,743</u>
(Excess) of expenditures over revenues	145,116	-	2,067	147,183
Fund balance, beginning of the year	<u>31,659</u>	<u>-</u>	<u>9,242</u>	<u>40,901</u>
Fund balance, end of the year	<u>\$ 176,775</u>	<u>\$ -</u>	<u>\$ 11,309</u>	<u>\$ 188,084</u>

The notes to basic financial statements are an integral part of this statement.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
JUNE 30, 2007**

Net change in fund balances - Total governmental funds \$ 147,183

Amounts reported for *governmental activities* in the statement of net assets 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 capital outlays exceed depreciation expense in the current period.

(6,827)

Change in net assets of governmental activities \$ 140,356

The notes to basic financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements presented in this report constitute a complete presentation of The Richardson Montessori Academy, Inc. (“the Academy”), previously called The Richardson Academy, Inc., the organization that operates the charter school, but otherwise conform to generally accepted accounting principles as applicable to school districts. The following is a summary of significant accounting policies:

Reporting Entity

The Richardson Montessori Academy, Inc. (a Charter School), is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes (FS), the Florida Not For Profit Corporation Act, and Section 1002.33, FS. The Academy operates in Tampa, Florida, Hillsborough County. The activities are conducted by the professional staff and teachers employed by the Academy. The governing body of the Academy is Academy’s Board of Directors.

The general operating authority of Florida Charter Schools is contained in Section 1002.33, FS. The Academy operates under a charter of the sponsoring school district, the School District of Hillsborough County, Florida (“the District”). The current charter is effective for a term of ten years, beginning July 1, 2000, by mutual agreement between the Academy and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 1002.33(8)(e), FS, the Academy contract provides that in the event the Academy is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The Academy is considered a component unit of the District.

Criteria for determining if other entities are potential component units which should be reported within the Academy’s basic financial statements are identified and described in the Governmental Accounting Standards Board of the Financial Accounting Foundation (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the Academy is financially accountable and other organizations for which the nature and significance of their relationship with the Academy are such that exclusion would cause the Academy’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Academy.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
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**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Basis of Presentation

The Academy's basic financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by GASB.

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the Academy's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the Academy presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the Academy. The statement of activities presents information about the change in the Academy's net assets and the results of its operations during the fiscal year. An increase or decrease in net assets is an indication of whether the Academy's financial health is improving or deteriorating.

The government-wide statements present the Academy's activities in one category:

- **Governmental activities** – This represents most of the Academy's services including its educational programs: Basic education. The state's education finance program provides most of the resources that support these activities.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law, while others are created by grant agreements such as federal grants. Fund financial statements provide more detailed information about the Academy's financial activities, focusing on its most significant or "major" funds rather than fund types. The Academy considers all of its funds to be major funds. This is in contrast to the entity-wide perspective contained in the government-wide statements.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
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**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

All of the Academy's funds may be classified in one broad category:

Governmental Funds – Governmental funds are used to account for essentially the same functions reported at governmental activities in the government-wide financial statements. However, the government funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statement provides a detailed short-term view that may be used to evaluate the Academy's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation of governmental funds to governmental activities. The Academy considers revenues collected within 60 days from year-end to be available for revenue recognition in the governmental fund financial statements.

Budgetary Basis Accounting

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

Revenue Sources

Revenues for current operations are received primarily from the School District of Hillsborough County (the District) pursuant to the funding provisions included in the Academy's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), FS, the Academy reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, FS, the district reports the number of full-time equivalent students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the Academy is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the Academy during the designated student survey periods.

The basic amount of funding through the FEFP under Section 1011.62 is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base

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**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through a guaranteed allocation designated in Section 1011.62(1)(e)(2). For the 2006-2007 school year the school reported 88 unweighted FTE. Weighted funding represented approximately 73% of the total funding.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General pursuant to Section 1010.305, FS, and Rule 6A- 1.0453, Florida Administrative Code (FAC). Charter Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Sections 1011.62(1)(e), FS and Rule 6A-6.03411, FAC).

The Academy also receives federal grant awards for the enhancement of various educational programs. Federal awards are generally received based on application submitted to and approved by various granting agencies. For Federal awards in which a claim to these grants proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. This activity is recorded in the Other Federal Programs Fund. In 2007, there were \$12,647 in eligible expenditures and revenues.

The Academy also received state awards for capital outlay expenditures. The state grant awards are based on an application submitted and approved by the state. The amount received under this program is based on the Academy's actual and projected student enrollment during the year. Funds received under this program may only be used for lawful capital outlay expenditures and are accounted for in the Public Education Capital Outlay (PECO) fund.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with banks and all highly liquid investments with maturities of three months or less. At June 30, 2007 there were no cash equivalents.

Deposits are maintained with a commercial bank, which is organized under the laws of the United States of America and insured by the Federal Deposit Insurance Corporation (the

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

“FDIC”) up to \$100,000. At June 30, 2007 the Academy’s uninsured bank balances totaled approximately \$12,900.

General Capital Assets and Depreciation

Expenditures for general capital assets acquired for general Academy purposes are reported in the Governmental Funds that financed the acquisition; whereas, the capital assets so acquired are capitalized (recorded) at cost in the Statement of Net Assets. Donated assets, if any, are recorded at fair market value at the date of donation. The depreciation of general capital assets is not recorded in the Academy’s Governmental Funds. Depreciation is recorded as an expense in the statement of activities.

Depreciation is computed using the straight-line method and the estimated useful lives are as follows:

	<u>Years</u>
Improvements	40
Furniture, fixtures and equipment	10
Software	3
Library	10
Motor vehicles	5

Current year information relative to changes in capital assets are described in Note 2.

Income taxes

The Academy is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (“the Code”); therefore, no provision for income taxes has been made in these basic financial statements. In addition, the Academy has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Code.

Use of Estimates

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

**THE RICHARDSON MONTESSORI ACADEMY, INC.
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**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Concentration of Revenue Sources

Approximately 99.2% of the School's revenue is derived from grants from the federal government passed through the State of Florida Department of Education (which is renewed annually) and state and local funds passed through the District (which is periodically renewable). The current level of the Academy's operation and program services may be impacted or segments discontinued if funding is not renewed.

NOTE 2 – CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets for the year ended June 30, 2007 is as follows:

Cost	Balance July 1, 2006	Additions	Disposals	Balance June 30, 2007
Land	\$ 208,146	\$ -	\$ -	\$ 208,146
Improvements	11,504	-	-	11,504
Furniture, fixtures and equipment	74,202	2,598	-	76,800
Software	10,370	-	-	10,370
Library	23,000	-	-	23,000
Vehicle	9,375	-	-	9,375
Total	<u>336,597</u>	<u>2,598</u>	<u>-</u>	<u>339,195</u>
 Accumulated Depreciation				
Improvements	(1,207)	(315)	-	(1,522)
Furniture, fixtures and equipment	(51,617)	(6,810)	-	(58,427)
Software	(10,370)	-	-	(10,370)
Library	(8,150)	(2,300)	-	(10,450)
Vehicle	(9,375)	-	-	(9,375)
Total	<u>(80,719)</u>	<u>(9,425)</u>	<u>-</u>	<u>(90,144)</u>
 Net Fixed Assets	 <u>\$ 255,878</u>	 <u>\$ (6,827)</u>	 <u>\$ -</u>	 <u>\$ 249,051</u>

Contractually, the Academy is required to transfer property and equipment to the District if its charter is terminated.

Depreciation expense was \$9,425 for the year ended June 30, 2007. Fixed assets net of accumulated depreciation declined by approximately \$6,800.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
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**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 3 – RISK MANAGEMENT:

Worker's compensation, commercial general liability, commercial property, commercial auto, educators' legal liability, and errors and omissions coverage are being provided through purchased commercial insurance.

NOTE 4 – RELATED PARTY TRANSACTIONS:

During the year ended June 30, 2007, there were various transactions between the Academy and a related entity, a private school owned by the Chief Administrator and her spouse, which operates on the site of the Academy. This private school shares in the personnel, leased space, utilities, and all insurance policies of the Academy.

The amount charged to the private school for common expenses for the years ended June 30, 2007 and 2006 were \$58,765 and \$42,673, respectively. Amounts due from this related party at June 30, 2007 and 2006 were \$3,018 and \$0, respectively.

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**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 5 – SCHEDULE OF FEDERAL, STATE AND LOCAL REVENUE:

The following is a schedule of intergovernmental revenue sources and amounts:

<u>SOURCES</u>	<u>General Fund</u>	<u>Federal Programs and Capital Outlay</u>	<u>Total</u>	<u>2006 Total</u>
Federal sources passed through School District of Hillsborough County:				
Title I	\$ -	\$ 12,647	\$ 12,647	\$ -
Total federal sources	\$ -	\$ 12,647	\$ 12,647	\$ -
State and local sources passed through School District of Hillsborough County:				
Florida Education Finance Program (FEFP)	\$ 404,659	\$ -	\$ 404,659	\$ 259,790
Instruction materials	8,520	-	8,520	5,749
Technology	-	-	-	1,155
SAI categorical	19,745	-	19,745	12,634
Staff development	-	-	-	418
Class size reduction	68,830	-	68,830	33,678
Summer reading	-	-	-	-
Teacher lead	-	-	-	-
Capital outlay	-	60,039	60,039	24,115
Total state and local sources	501,754	60,039	561,793	337,539
Total governmental revenue sources	\$ 501,754	\$ 72,686	\$ 574,440	\$ 337,539

An administrative fee, equivalent to 5% of the total eligible funding mentioned above, was withheld by the District totaling \$25,088 and \$15,682 for the years ended June 30, 2007 and 2006, respectively.

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**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 6 – COMMITMENTS AND CONTINGENCIES:

Rental of property and modules

The Academy leases property annually from a church; rent is paid in advance, in monthly installments of \$1,500. The Academy has the right and option to extend this lease for one successive additional term of one year.

The Academy rents modules in which all of the Academy's classroom, administrative, and library activities are conducted. The monthly rent currently is \$4,081.

Total rent expense for the property and modules for the school years ended June 30, 2007 and 2006, were \$57,972 and \$68,936, respectively.

The Academy has been cited by the Code Enforcement Division of the City of Tampa for certain violations of the City code on a vacant parcel of land it owns. The management of the Academy has rectified the violations and is proceeding in negotiations with City of Tampa officials to rescind the citation. As of June 30, 2007, it is uncertain as to the outcome of relief from the citation. Should the outcome be unfavorable, management is assured that the financial position of the Academy will not be materially affected.

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SUPPLEMENTARY INFORMATION

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Governmental Fund Types Special Revenue Funds Other Federal Programs			Governmental Fund Types Total General Fund and Special Revenue Fund		
Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ 11,298	\$ 12,647	\$ 1,349	\$ 11,298	\$ 12,647	\$ 1,349
-	-	-	544,810	501,754	(43,056)
-	-	-	-	4,486	4,486
<u>11,298</u>	<u>12,647</u>	<u>1,349</u>	<u>556,108</u>	<u>518,887</u>	<u>(37,221)</u>
11,298	12,647	(1,349)	242,666	160,960	81,706
-	-	-	-	-	-
-	-	-	10,000	-	10,000
-	-	-	9,000	9,007	(7)
-	-	-	83,372	83,366	6
-	-	-	25,566	25,088	478
-	-	-	10,800	9,900	900
-	-	-	-	-	-
-	-	-	53,500	59,178	(5,678)
-	-	-	19,000	23,674	(4,674)
-	-	-	-	-	-
-	-	-	-	2,598	(2,598)
<u>11,298</u>	<u>12,647</u>	<u>(1,349)</u>	<u>453,904</u>	<u>373,771</u>	<u>80,133</u>
<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ 102,204</u>	145,116	<u>\$ 42,912</u>
	-			31,659	
	<u>\$ -</u>			<u>\$ 176,775</u>	

OTHER SUPPLEMENTARY INFORMATION

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

OTHER SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
BUDGET AND ACTUAL – GOVERNMENTAL FUNDS – CAPITAL OUTLAY FUND
FOR FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental			
State through local	\$ 36,000	\$ 60,039	\$ 24,039
Total revenues	<u>36,000</u>	<u>60,039</u>	<u>24,039</u>
Expenditures:			
Current:			
Facilities-rent	<u>67,000</u>	<u>57,972</u>	<u>9,028</u>
Total current - education expenditures	<u>67,000</u>	<u>57,972</u>	<u>9,028</u>
(Excess) deficiency of expenditures over (under) revenues	<u>\$ (31,000)</u>	2,067	<u>\$ 15,011</u>
Fund balance, beginning of the year		<u>9,242</u>	
Fund balance, end of the year		<u>\$ 11,309</u>	

REGULATORY REPORTS



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

To the Board of Directors
The Richardson Montessori Academy, Inc.,
a Charter School and Component Unit of the
School District of Hillsborough County, Florida

We have audited the basic financial statements of The Richardson Montessori Academy, Inc. ("the Academy"), a Charter School and Component Unit of the School District of Hillsborough County, Florida, as of and for the year ended June 30, 2007 and have issued our report thereon dated August 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Academy in a separate letter dated August 23, 2007.

This report is intended solely for the information and use of the Board of Directors of The Richardson Montessori Academy, Inc., management, federal awarding agencies, state funding agencies and the School District of Hillsborough County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Tampa, Florida
August 23, 2007

**THE RICHARDSON MONTESSORI ACADEMY, INC
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007**

Finding/Noncompliance _____ Questioned Costs

None

None



“MANAGEMENT LETTER”
BASED ON RULE 10.854(1)(d) OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Directors
The Richardson Montessori Academy, Inc.,
a Charter School and Component Unit of the
School District of Hillsborough County, Florida

We have audited the basic financial statements of The Richardson Montessori Academy, Inc. (the Academy), a Charter School and Component Unit of the School District of Hillsborough County, Florida, as of and for the year ended June 30, 2007, and have issued our report thereon dated August 23, 2007

We have also issued our Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards* dated August 23, 2007. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General (the Rules), which govern the conduct of charter school audits performed in the State of Florida and require that certain items be addressed in this letter.

Management cooperated fully with our audit team and we had no disagreements concerning accounting or auditing procedures. We were provided access to all records, documents and other supporting data that we requested, and no restrictions were imposed on the method or extent of our work.

AUDITOR GENERAL REQUIRED COMMENTS/DISCLOSURES:

This letter must be prepared and included as a part of each financial audit report pursuant to Section 218.39(4), Florida Statutes (FS), and Rule 10.856(2). The management letter shall include, but not be limited to:

The Rules of the Auditor General (Section 10.854(1)(d)1.) require a statement as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no such matters reported in the preceding annual financial report.

The Rules of the Auditor General (Section 10.854(1)(d)2.) require recommendations to improve present financial accounting procedures, and internal controls. There were no recommendations in the preceding annual financial report or management letter.

The Rules of the Auditor General (Section 10.854(1)(d)3.,4.) require matters that are not clearly inconsequential considering both quantitative and qualitative factors, including the following:

- a. Violations of laws, rules, regulations, contracts, and grant agreements or abuse that have occurred, or are likely to have occurred, were discovered within the scope of the financial audit and may or may not have materially affected the financial statements.
- b. Improper expenditures discovered within the scope of the financial audit, which may or may not materially affect the financial statements.
- c. Deficiencies in internal control that are not reportable conditions, including, but not limited to:
 - Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements).
 - Failures to properly record financial transactions.

Our consideration of the internal control structure would not necessarily disclose all matters that might be reportable conditions following *Government Auditing Standards* and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. There were no reportable conditions believed to be a material weakness or reportable conditions. The items described below as Recommendations to Management (Exhibit A) were not considered to be reportable conditions under *Government Auditing Standards*, however we believe that these conditions and related recommendations will improve the Academy's internal controls. These items were brought to the attention of Academy representatives during our work; this letter evidences such communication.

The Rules of the Auditor General (Section 10.854(1)(d)5.) also require that the name or official title for the charter school be disclosed in the management letter, unless disclosed in the notes to basic financial statements. The name of the Academy is shown through the report and in the notes to basic financial statements. The Academy did not include any component units. The Academy's basic financial statements are included in the financial statements of the School District of Hillsborough County as a component unit.

Section 218.503(2), FS, states that a local governmental entity, including charter schools, shall notify the Governor and the Legislative Auditing Committee when one or more of the conditions specified in Section 218.503(1), FS, have occurred or will occur if action is not taken to assist the local governmental entity.

Management of the Academy has determined that the Academy is not in a state of financial emergency under Section 218.503(1), FS. The budget for the fiscal year ending June 30, 2008 forecasts attendance at 90 FTE students; in such case the Academy is expected to have an excess of revenues over expenditures. However, such forecast is dependent on not only meeting student population, but also controlling expenses as budgeted. However, our audit does not provide a legal determination on the Academy's compliance with this requirement.

Our comments and/or recommendations have been discussed with the appropriate members of management and we would be pleased to review these matters in further detail at your convenience.

This "Management Letter" is intended solely for the information and use of the Board of Directors, management, the School District of Hillsborough County and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

We would like to thank the staff and management for their support and assistance during our engagement and we look forward to continuing our working relationship in the future.



CERTIFIED PUBLIC ACCOUNTANTS

Tampa, Florida
August 23, 2007

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**“MANAGEMENT LETTER”
EXHIBIT A**

**RECOMMENDATIONS TO MANAGEMENT
(ASSOCIATED WITH THE JUNE 30, 2007 FINANCIAL AUDIT)**

CURRENT YEAR RECOMMENDATIONS:

OBSERVATION 2007-01

Capital Assets:

Condition:

We noted certain items on the capital asset summary report that were fully depreciated that may no longer be in service.

Effect:

Fixed assets no longer in service that are fully depreciated will mislead an informed user of the financial statements that the Academy’s fixed assets may be aging and require significant resources to replace. The valuation of fixed assets net of accumulated depreciation may be overstated if some assets not fully depreciated are no longer in service.

Recommendation:

We recommend that management take the necessary steps to perform an inventory of capitalized assets to determine which fixed assets are presently on the fixed asset summary report that are no longer serviceable or in existence. We also recommend that a determination be made by management that items that should be classified as fixed assets that are not on the fixed asset summary report be capitalized and depreciated accordingly.

Management’s Response:

The Academy’s administrative assistant will be assigned to perform an inventory of the capitalized assets for the purpose of determining whether any of the items have been removed from service and to determine whether there are any additional items not currently capitalized that should be.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**“MANAGEMENT LETTER”
EXHIBIT A**

PRIOR YEAR RECOMMENDATIONS:

Observation 06.01 - Continuing Operations:

Condition:

The Richardson Montessori Academy, Inc. (the Academy) incurred a loss of approximately \$64,000 during fiscal year ending June 30, 2006, after losing approximately \$98,000 in the immediately preceding fiscal year. Such losses are a consequence of a decline in enrollment, consequently decreasing revenues by approximately \$100,000 during the current fiscal year, which was not matched by a reduction in expenses.

Result:

The Academy does not have sufficient financial resources to withstand a third consecutive year under these conditions.

Recommendation:

We recommend that management immediately take steps to offset reduction in enrollment and related income with reductions in expenses, and devise a plan to build up cash reserves to withstand similar events in the future.

Management’s Response:

An operating budget for fiscal 2007 has been prepared that provides for an addition to cash reserves. With a current increase in enrollment and with adherence to the budget as drafted, management is confident that this can be achieved.

Status as of September 30, 2007

Cleared: Due to an increase in the student census and a positive budget variance the Academy experienced an increase in fund balance of approximately \$140,000.

Observation 06.02 - Cash Disbursements:

Condition:

We noted certain cash disbursements lacking adequate support documentation, such as properly approved invoices or bills.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**“MANAGEMENT LETTER”
EXHIBIT A**

Result:

Improper or non-existing documentary support may lead to inappropriate payments, such as duplicative, incorrect or unauthorized vendor payments.

Recommendation:

We recommend that management take the necessary steps to support documentation with the attached check by authorized personnel prior to signing checks. Invoices or check requests need to be approved by a properly authorized person documenting such action in the face of the instrument. Such invoices and/or other supporting document need to be attached to a copy of the check or payment stub prepared simultaneously with the check. Since checks are hand written the numeric amount and written amount should be verified for accuracy. Finally, these documents should be filed alphabetically by vendor. Each fiscal year's paid files should be segregated.

Management's Response:

The Academy's external accountant will assist the Academy's staff with this process and will periodically monitor the results.

Status as of September 30, 2007

Cleared: The Academy's professional accountant has taken a more aggressive approach to detect errors and is continuing to work with the management of the Academy to initiate better procedures to prevent errors and omissions in the processing of accounting transactions.

Observation 06.03 - General Ledger Detail:

Condition:

All the fields in the Academy's general ledger are not completed and thus, the information is not sufficient to identify the transaction.

Result:

Proper audit trail of transactions incomplete without complete information in the general ledger, such as check number or description of the transaction making it is difficult to answer questions that may arise throughout the year.

**THE RICHARDSON MONTESSORI ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**“MANAGEMENT LETTER”
EXHIBIT A**

Recommendation:

We recommend that management provide a copy of support documentation to the Academy’s external professional accountant who compiles periodic financial statements for proper recording in the accounting software system. Moreover, the check number or electronic transaction number should be attached to the support documentation.

Management’s Response:

The Academy’s accountant will include more general ledger detail and management will periodically review the ledger for compliance.

Status as of September 30, 2007

Cleared: The general ledger detail descriptions were adequate to identify the nature of the transactions and provided additional audit verification.

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