

**MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.**

**Financial Statements and  
Schedule of Financial Assistance with  
Independent Auditors' Report Thereon**

**JUNE 30, 2009**

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### Management's Discussion & Analysis

The Management of the Montessori Elementary Charter School, Inc. (a component of the Monroe County School District) have prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the Montessori Elementary Charter School, Inc.'s financial activities, (c) identify changes in the school's financial position, identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the Montessori Elementary Charter School, Inc.'s financial statements. These financial statements should be attached to this discussion.

The Montessori Elementary Charter School, Inc.'s total net assets increased by \$33,588. This change was a result of the school receiving financial assistance of \$88,952 less than budgeted for the fiscal year ended June 30, 2009 and actual expenses amounting to \$128,208 less than budgeted.

During the current year, General Fund revenues exceeded expenditures by \$40,336. This may be compared to last year's results in which General Fund expenditures exceeded revenues by \$27,718. The current year increase is due to an increase in Gifts & Bequests received and an increase in Operating Costs.

The Montessori Elementary Charter School, Inc.'s financial status improved from the prior year. Total assets increased by \$37,184.

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**INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS**

To the Board of Directors  
Montessori Elementary Charter School, Inc.  
A Charter School of the Monroe County  
District School Board:

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Montessori Elementary Charter School, Inc. (the "School") (a component unit of the Monroe County School Board) as of and for the fiscal year ended June 30, 2009, which collectively comprises the School's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2009, and the respective changes in financial position thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis and the budgetary information on pages 1 and 15 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 6, 2009 on our consideration of the School's internal control over financial reporting and on our test of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*South, City, King & Byn PA*

November 6, 2009

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD

Statement of Net Assets

June 30, 2009

<u>Assets</u>	
Cash	\$ 268,114
Accounts receivable	12,494
Capital assets, net of accumulated depreciation	-
Furniture and fixtures	
Leasehold improvements	<u>39,156</u>
Total capital assets	<u>39,156</u>
Total Assets	<u>319,764</u>
<u>Liabilities</u>	
Accounts payable	<u>5,668</u>
Total Liabilities	<u>5,668</u>
<u>Net Assets</u>	
Unrestricted	274,940
Restricted	<u>39,156</u>
Total Net Assets	<u>314,096</u>
Total Liabilities and Net Assets	\$ <u>319,764</u>

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

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD

Statement of Activities

For the Fiscal Year Ended June 30, 2009

Expenses:	
Regular Instruction	\$ 498,123
Instruction Support Services	27,226
School Administration	169,589
Central services	6,615
Operating and maintenance of Plant	<u>77,622</u>
Total Program Expenses	<u>779,175</u>
Program Revenues:	
Florida Education Finance Program	700,454
Public Education Capital Outlay Grant	45,052
Rent - School Facilities	<u>-</u>
Total Program Revenues	<u>745,506</u>
Net Program revenues	<u>(33,669)</u>
General Revenues:	
Interest Earned on Savings	3,776
After-school and other events	69
Gifts and Bequests	<u>63,412</u>
Total General Revenues	<u>67,257</u>
Increase in Net Assets	33,588
Net Assets, July 1 <sup>st</sup> , 2008	<u>280,508</u>
Net Assets, June 30, 2009	<u>\$ 314,096</u>

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

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD

Balance Sheet  
Governmental Funds

June 30, 2009

	General Funds	Special Revenue Fund	Total Governmental Funds
 <u>Assets</u>			
Cash	\$ 268,114	-	268,114
Accounts Receivable	<u>12,494</u>	<u>-</u>	<u>12,494</u>
 Total assets	 \$ <u>280,608</u>	 <u>-</u>	 <u>280,608</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ <u>5,668</u>	<u>-</u>	<u>5,668</u>
Total liabilities	5,668	-	5,668
 Fund Balances:			
Unreserved, reported in General Fund	<u>274,940</u>	<u>-</u>	<u>274,940</u>
Total Fund Balances	<u>274,940</u>	<u>-</u>	<u>274,940</u>
Total Liabilities and Fund Balances	\$ <u>280,608</u>	<u>-</u>	<u>280,608</u>

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

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD

Statement of Revenues, Expenditures, and Changes  
In Fund Balances  
Governmental Funds

For the Year Ended June 30, 2009

	<u>General Funds</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local Sources:			
Interest earned on savings	\$ 3,776	-	3,776
After-school and other events	69	-	69
Gifts and Bequests	<u>63,412</u>	<u>-</u>	<u>63,412</u>
Total Local Sources	67,257	-	67,257
Florida Education Finance Program	700,454	-	700,454
Public Education Capital Outlay Grant	-	45,052	45,052
Rent - School Facilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	767,711	45,052	812,763
<b>EXPENDITURES</b>			
Current:			
Regular instruction	453,071	45,052	498,123
Instruction Support Services	27,226	-	27,226
School Administration	169,589	-	169,589
Central services	6,615	-	6,615
Operating of Plant	59,132	-	59,132
Capital Outlay	<u>11,742</u>	<u>-</u>	<u>11,742</u>
Total Expenditures	<u>727,375</u>	<u>45,052</u>	<u>772,427</u>
Excess of Revenues over Expenditures	40,336	-	40,336
Fund Balance - July 1, 2008	<u>234,604</u>	<u>-</u>	<u>234,604</u>
Fund Balance - June 30, 2009	<u>\$ 274,940</u>	<u>-</u>	<u>274,940</u>

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

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD

Reconciliation of the Statement of Revenues Expenditures,  
And Changes in Fund Balances  
To the Statement of Activities

For the Year Ended June 30, 2009

Total net change in Fund Balances	
- Governmental Funds	\$ 40,336
Amounts reported for governmental activities In the statement of activities because:	
Capital outlays are reported in governmental funds 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 exceeded Capital outlays for the period:	
Depreciation expense	(6,748)
Capital outlays	<u>-</u>
Change in Net Assets of Governmental Activities	\$ <u>33,588</u>

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

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD

Reconciliation of Governmental Fund Balances to  
Governmental Net Assets

June 30, 2009

Total Governmental Fund Balances	\$ 274,940
Add: Capital assets, net of accumulated depreciation:	
Furniture and fixtures	-
Leasehold improvements	<u>39,156</u>
Total capital assets	<u>39,156</u>
Total Net Assets of Governmental Activities	<u>\$ 314,096</u>

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

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Reporting Entity

(a) Organization

Montessori Elementary Charter School, Inc. was incorporated under the not-for-profit statutes of the State of Florida and Section 228.056, Florida Statutes. The not-for-profit corporation conducts business as the Montessori Charter School, Inc. (the "School"). The governing body of the School is the not-for-profit corporation's Board of Directors which is composed of not less than five and not more than nine members.

The general operating authority of the school is contained in Section 226.056, Florida Statutes. The school operates under a charter of the sponsoring school district, the Monroe County District School Board. The current charter is effective until June 15, 2016. At the end of the term of the charter, the District may choose not to renew the charter under the reasons 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 228.056(10)(e), Florida Statutes, the charter school contract provides that in the event the school is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the Monroe County District School Board. During the term of the charter, the District may also terminate the charter if good cause is shown. The Montessori Elementary Charter School, Inc. is considered a component unit of the Monroe County School Board.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (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 School is financially accountable an other organizations for which the nature and significance of their relationship with the school are such that exclusion would cause the school's general purpose financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies - (Cont.)

(b) Basis of Presentation

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments including special purpose governments such as school districts and their components. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having self-balancing set of accounts for recording assets, liabilities, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled.

The individual funds are grouped in financial statements of this report, into Governmental Fund Types as follows:

Governmental Fund Types

- A. *General Fund* - To account for all financial resources not required to be accounted for in another fund.
- B. *Special Revenue Funds* - To account for certain Federal grant program resources.

(c) Basis of Accounting

Basis of accounting refers to revenues and expenditures that are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Under Governmental Accounting Standards Board Statement Number 34, all governmental financial statements are presented using the accrual basis of accounting. Under the accrual basis, revenues are recognized when they become measurable and available. Under the accrual basis of accounting, expenditures are generally recognized when the expense is incurred.

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
 A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
 MONROE COUNTY DISTRICT SCHOOL BOARD

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies - (Cont.)

(d) Budgetary Basis Accounting

Budgets are presented on the accrual basis of accounting.

(e) Cash

The School's cash consists of demand deposits with financial institutions which are insured by the Federal Depository Insurance Corporation.

(f) Fixed Assets and Depreciation

Capital outlays for fixed assets acquired for general school purposes are reported in governmental funds as expenditures for the period being reported. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. Donated assets are recorded in the depreciation schedule at fair market value at the date of donation.

Changes in general fixed assets are shown below:

	Balance <u>7/1/08</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/09</u>
Furniture, Fixtures & Equipment	\$ <u>84,859</u>	<u>-</u>	<u>-</u>	<u>84,859</u>
Accumulated Depreciation	\$ <u>38,955</u>	<u>6,748</u>	<u>-</u>	<u>45,703</u>

Deletions to the fixed asset schedule, if any, would represent individual assets whose cost was less than \$1,000 in accordance with the Monroe County School Board. A corresponding adjustment would be made to the opening general fund balance to reflect the deletions to the fixed asset depreciation schedule.

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
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MONROE COUNTY DISTRICT SCHOOL BOARD

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies -(Cont.)

(g) Revenue Sources

Revenues for current operations are received primarily from Monroe County District School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and section 228.056(13), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 236.081, Florida Statutes, the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

(2) Schedule of Revenue Sources

<u>Sources</u>	<u>Amounts</u>
Monroe County District School Board	\$ 700,454
Public Education Capital Outlay Grant	45,052
Rent - School Facilities	-
After-school and other events	69
Gifts and Bequests	63,412
Interest Income	<u>3,776</u>
Total	<u>\$ 812,763</u>

(3) Risk Management Programs

Workers' compensation, general liability and health and hospitalization coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage.

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD

Notes to Financial Statements

June 30, 2009

(4) Commitment

The Montessori Elementary Charter School has entered into three non-cancelable operating lease agreements for the rental of the school administrative and teaching facilities. One lease agreement is for property located at 1127 United Street which commenced July 1<sup>st</sup>, 2001 and expired June 30, 2009 with the lessee having been provided an optional five-year term at the end of the lease agreement and the second lease is for property located at 1220 White Street, which commenced May 1<sup>st</sup>, 2000 and expired April 30, 2005 with one optional additional five-year term. The third lease is for property located at 1221 Varela Street, building #2 which commenced July 1<sup>st</sup>, 2004 and expired June 30, 2006. This property was renewed under a two (2) year lease.

Minimum rentals on an annual basis for the three non-cancelable lease are as follows:

<u>Fiscal year ending June 30</u>	<u>Amount</u>
2010	\$ 22,435
2011	<u>-</u>
	<u>\$ 22,435</u>

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD

Budgetary Comparison Schedule  
General Fund

For the fiscal year ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources:					
Interest earned on savings \$	3,824	-	3,824	3,776	(48)
After-school and other events	-	-	-	69	69
Gifts and bequests	<u>77,344</u>	<u>-</u>	<u>77,344</u>	<u>63,412</u>	<u>(13,932)</u>
Total Local Sources	81,168	-	81,168	67,257	(13,911)
State Sources					
Rent - School facilities	780,000	-	780,000	700,454	(79,546)
Federal Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>861,168</u>	<u>-</u>	<u>861,168</u>	<u>767,711</u>	<u>(93,457)</u>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	496,043	-	496,043	382,255	113,788
Instruction Support Services	36,718	-	36,718	27,226	9,492
School Administration	176,981	-	176,981	169,589	7,392
Central Services	6,056	-	6,056	6,615	(559)
Operating of Plant	64,699	-	64,699	65,880	(1,181)
Capital Outlay	<u>13,018</u>	<u>-</u>	<u>13,018</u>	<u>11,742</u>	<u>1,276</u>
Total Expenditures	<u>\$793,515</u>	<u>-</u>	<u>793,515</u>	<u>663,307</u>	<u>130,208</u>

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

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
 A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
 MONROE COUNTY DISTRICT SCHOOL BOARD

Budgetary Comparison Schedule  
 Special Revenue Fund

For the fiscal year ended June 30, 2009

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
State Sources	<u>40,547</u>	<u>-</u>	<u>40,547</u>	<u>45,052</u>	<u>4,505</u>
Total Revenues	<u>40,547</u>	<u>-</u>	<u>40,547</u>	<u>45,052</u>	<u>4,505</u>
<b>EXPENDITURES</b>					
Current:					
School Administration	<u>108,200</u>	<u>-</u>	<u>108,200</u>	<u>110,200</u>	<u>(2,000)</u>
Total Expenditures	<u>\$ 108,200</u>	<u>-</u>	<u>108,200</u>	<u>110,200</u>	<u>(2,000)</u>

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

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MEMBERS:  
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INDEPENDENT AUDITORS' 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 of  
Montessori Elementary Charter School, Inc.:

We have audited the financial statements of Montessori Elementary Charter School, Inc. (the "School") (a component unit of the Monroe County School Board) as of and for the year ended June 30, 2009 and have issued our report thereon dated November 6, 2009. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in

The internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control structure and its operations that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements or to administer programs in accordance with applicable laws and regulations.

This report is intended solely for the information and use of the School's audit committee, management, Board of Trustees and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Annex. City, Paiz, Bm PA*

November 6, 2009

MONTESSORI ELEMENTARY  
CHARTER SCHOOL, INC.

MANAGEMENT LETTER

JUNE 30, 2009

**SMITH, ORTIZ, GOMEZ AND BUZZI, P.A.**  
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FLORIDA INSTITUTE OF  
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November 6, 2009

Board of Directors  
Montessori Elementary Charter School, Inc.

We have audited the financial statements of Montessori Elementary Charter School, Inc. for the year ended June 30, 2009, and have issued our report thereon dated November 6, 2009. In planning and performing our audit of the financial statements of Montessori Elementary Charter School, Inc., we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

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

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

Section 10.854(1)(e)3, Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. During our audit, we noted a certain matter, which appears to be an isolated instance, involving the internal control structure and other operational matters that is presented for your consideration. This comment and recommendation, all of which were discussed with the appropriate members of management and were resolved to our satisfaction, are intended to improve the internal control structure or result in other operating efficiencies and are summarized in Exhibit 1.

Section 10.854(1)(e)4, Rules of the Auditor General, requires that we address violations of provisions for 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.

Board of Directors  
Montessori Elementary Charter School, Inc.  
November 6, 2009

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. During our audit, we noted a certain matter, which appears to be an isolated instance, involving the internal control structure and other operational matters that is presented for your consideration. This comment and recommendation, is summarized in Exhibit 1.

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 Montessori Elementary Charter School, Inc.

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 Montessori Elementary Charter School, Inc. 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 Montessori Elementary Charter School, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and review of the financial information provided by same.

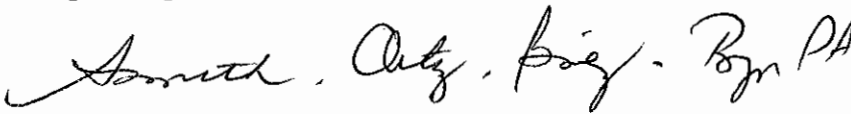
A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. However, we noted no matters involving internal control structure and its operation that we consider to be material weaknesses as defined above.

Board of Directors  
Montessori Elementary Charter School, Inc.  
November 6, 2009

Pursuant to Chapter 119, Florida Statutes, this management letter is public matter 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 and the Florida Auditor General, and is not intended to be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation for the courtesy and cooperation extended to us by the employees of Montessori Elementary School, Inc. during the course of our audit. We shall be pleased to discuss, at your convenience, the comments presented in this letter and provide any assistance that you may require for the implementation of our recommendations.

Very truly yours,

A handwritten signature in cursive script that reads "Smith, Ortiz, Gomez, Buzzi PA". The signature is written in dark ink and is positioned above the typed name.

SMITH, ORTIZ, GOMEZ and BUZZI, P.A.

FINDING

During our audit we noted an instance in which a certain liability was not fully accrued for at year end.

RECOMMENDATION

We recommend that all subsequent period disbursements be reviewed to insure that all liabilities be posted in the year in which the obligation is incurred.

MANAGEMENT RESPONSE

We will ensure that are existing policy for capturing and recording payables and disbursements is adhered to. The occurrence was an isolated instance.

**AUDITOR GENERAL**  
**DISTRICT SCHOOL BOARD AND CHARTER SCHOOL**  
**AUDIT REPORT SUBMITTAL CHECKLIST (SECTION**  
**11.45(3)(a), FLORIDA STATUTES) (To be submitted with the**  
**2007-2008 fiscal year audit report)**

DSB/Charter School Entity Name: Montessori Elementary Charter School, Inc.  
DSB/Charter School Address: 1127 United Street, Key West, FL 33040

DSB/Charter School E-Mail Address: pam.niles@keyschools.com

DSB/Charter School Contact Person:

Name: Ms. Judith A. Dunlap  
Title: Principal  
Phone Number: (305)-294-4910

CPA or Other (if applicable):

Name: Smith, Ortiz, Gomez and Buzzi, PA  
Address: 132 Minorca Ave., Coral Gables, FL 33134  
Phone Number: (305)-441-1012

Fiscal Year Audited: June 30, 2009

Date Auditor Delivered Audit Report to the DSB or Charter School: November 20, 2009.

Does the audit report include the following items required by Sections 10.806(2) and 10.856(2), Rules of the Auditor General:

Yes Financial statements, as described in Sections 10.805(3) and 10.855(3)-(6), Rules of the Auditor General (as applicable), together with related notes to financial statements?

Yes The auditor's report on the financial statements?

Yes The auditor's report on compliance and internal control?

N/A Any other auditor's reports and related financial information required pursuant to the Federal Single Audit Act Amendments of 1996, OMB Circular A-133, or other applicable Federal law?

Yes The management letter defined in Sections 10.804(1)(d) and 10.854(1)(d), Rules of the Auditor General?

Yes The written statement of explanation or rebuttal required by Sections 10.807(1) and 10.857(2), Rules of the Auditor General?

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

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

Yes Are two copies of the audit report being submitted as required by Sections 10.807(3) and 10.857(4), Rules of the Auditor General?

Yes Was the audit report submitted within 45 days after the completion of the audit, but no later than 12 months after the end of the fiscal year? NOTE: There are no provisions in the statutes for any extensions for filing the audit report.

MONTESSORI ELEMENTARY CHARTER SCHOOL, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
MONROE COUNTY DISTRICT SCHOOL BOARD

Corrective Action Plan - State Projects

June 30, 2009

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 Montessori Elementary Charter School, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

For the year ended June 30, 2009, there were no audit findings for State Projects required to be reported. Accordingly, no corrective action plan is required.

