

**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, 2009**

**THE RICHARDSON MONTESSORI ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY  
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JUNE 30, 2009**

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## INDEPENDENT AUDITORS' REPORT

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, 2009 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. The prior year partial comparative information has been derived from the Academy's 2008 financial statements, which were audited by Valiente Hernandez, P.A. (whose practice became part of LarsonAllen LLP effective November 1, 2008). The report on those 2008 financial statements, dated September 23, 2008, expressed unqualified opinions on the governmental activities and each major fund.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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, 2009 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.



LarsonAllen LLP is a member of Nexia International, a worldwide network of independent accounting and consulting firms.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2009 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 6 and budgetary comparison information on page 23 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.

*LarsonAllen LLP*  
LarsonAllen LLP

Tampa, Florida  
September 25, 2009

## **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  
YEAR ENDED JUNE 30, 2009**

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 results of operations.
- 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2009**

**BASIC FINANCIAL STATEMENTS – AN OVERVIEW (continued):**

**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 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  
YEAR ENDED JUNE 30, 2009**

**BASIC FINANCIAL STATEMENTS – AN OVERVIEW (continued):**

**Fund Financial Statements (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	
	2009	2008
Current and other assets	\$ 344,279	\$ 295,551
Capital assets	280,224	280,445
Total assets	624,503	575,996
 Current liabilities	 17,381	 17,796
 Net assets:		
Invested in capital assets, net of related debt	280,224	280,445
Restricted	-	4,935
Unrestricted	326,898	272,820
Total net assets	\$ 607,122	\$ 558,200

The Academy's net assets have increased due to sufficient student enrollment to provide an excess of revenue over expenses.

**THE RICHARDSON MONTESSORI ACADEMY, INC.  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2009**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued):**

Revenues decreased and expenditures increased slightly during the year. Revenue decreases were due to lower student enrollment. Expenditure increases were related to the Academy purchasing additional classroom materials for instructional purposes.

	<u>Changes in Net Assets</u>	
	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues:		
Capital grants and contributions	\$ 45,828	\$ 52,756
General revenues:		
Unrestricted grants and contributions	532,191	561,916
Total revenues	<u>578,019</u>	<u>614,672</u>
Program expenses:		
Instruction	244,710	178,529
School administration	71,746	119,648
Other expenses	212,641	195,430
Total expenses	<u>529,097</u>	<u>493,607</u>
Increase in net assets	<u>\$ 48,922</u>	<u>\$ 121,065</u>

**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 for capital outlay declined by approximately \$7,000, from \$52,800 in 2008 to \$45,800 in 2009.

**CAPITAL ASSETS AND LONG-TERM DEBT:**

- Capital assets' net book value decreased by \$200 during the year due to net effect of \$8,300 of capital asset additions and \$8,500 of depreciation expense.
- In fiscal year 2008, the Academy capitalized costs associated with architectural design associated with the proposed school project located on land owned by the Academy. The Academy has temporarily postponed the project.
- There were no borrowings during the year ending June 30, 2009.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2009**

**BUDGET VARIANCE IN THE GENERAL FUND:**

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

- Instruction expenditures were under budget by approximately \$48,000 because of teacher aide vacancies.
- Operation of plant expenditures was over budget by approximately \$24,000. The increase in expenses was due to common repairs and maintenance for the buildings, such as roof and air conditioning repairs.

**SIGNIFICANT ECONOMIC FACTORS OR OTHER CONDITIONS:**

As indicated by the current year Statement of Activities, the Academy has benefited from an increase in net assets of approximately \$48,900 this year. Management anticipates that the child census will decrease to approximately 70 students through the fiscal year ending June 30, 2010, and has prepared a budget for fiscal year 2010 showing a student population at 70 FTE. As a result of this decrease in projected FTE the Academy has projected an operating loss of \$66,900 for the fiscal year ending June 30, 2010.

## **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  
JUNE 30, 2009  
(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2008)**

	Governmental Activities	2008
<u>ASSETS</u>		
Cash	\$ 310,265	\$ 273,239
Receivables	6,209	4,237
Due from related party	12,404	2,322
Due from employee	245	158
Prepaid expenses	3,656	4,095
Capital assets, net of accumulated depreciation	280,224	280,445
Deposits	11,500	11,500
Total assets	\$ 624,503	\$ 575,996
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 14,641	\$ 15,433
Accrued expenses	2,740	2,363
Total current liabilities	17,381	17,796
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	280,224	280,445
Restricted for capital projects	-	4,935
Unrestricted	326,898	272,820
Total net assets	607,122	558,200
Total liabilities and net assets	\$ 624,503	\$ 575,996

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  
YEAR ENDED JUNE 30, 2009  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2008)**

		Program Revenues		Net (Expense) Revenue And Changes in Net Assets	
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	2008 Total
<b>FUNCTIONS</b>					
<b>Governmental activities:</b>					
Instruction	\$ 244,710	\$ -	\$ -	\$ (244,710)	\$ (178,529)
School administration	71,746	-	-	(71,746)	(119,648)
Operation of facility	62,046	-	-	(62,046)	(51,897)
Maintenance of facility	30,791	-	-	(30,791)	(25,286)
General support services	13,909	-	-	(13,909)	(11,649)
Fiscal services	36,707	-	-	(36,707)	(38,062)
Rent of facility	60,622	-	45,828	(14,794)	(6,374)
Depreciation/amortization expense	8,566	-	-	(8,566)	(9,406)
Total governmental activities	\$ 529,097	\$ -	\$ 45,828	(483,269)	(440,851)
<b>General revenues:</b>					
Grants and contributions not restricted to specific programs				532,191	561,916
Change in net assets				48,922	121,065
Net assets - July 1, 2008				558,200	437,135
Net assets - June 30, 2009				\$ 607,122	\$ 558,200

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**

**BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	General Fund	Public Education Capital Outlay (PECO)	Totals Governmental Funds
<u>ASSETS:</u>			
Cash	\$ 310,265	\$ -	\$ 310,265
Amounts due from primary government	2,795	-	2,795
Other receivables	3,414	-	3,414
Due from related party	12,404	-	12,404
Due from employee	245	-	245
Prepaid expenses	3,656	-	3,656
Deposits	11,500	-	11,500
Total assets	\$ 344,279	\$ -	\$ 344,279
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts payable	\$ 14,641	\$ -	\$ 14,641
Accrued expenses	2,740	-	2,740
Total current liabilities	17,381	-	17,381
 <u>FUND BALANCES</u>			
Fund balances:			
Unreserved	326,898	-	326,898
Reserved	-	-	-
Total fund balances	326,898	-	326,898
Total liabilities and fund balances	\$ 344,279	\$ -	\$ 344,279

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 THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

Total fund balances - Governmental funds	\$	326,898
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>280,224</u>
Total net assets - Governmental activities	\$	<u><u>607,122</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 FUNDS  
YEAR ENDED JUNE 30, 2009**

	General	Public Education Capital Outlay (PECO)	Total Governmental Funds
<b>Revenues:</b>			
State sources	\$ 526,842	\$ 45,828	\$ 572,670
Other	5,349	-	5,349
Total revenues	532,191	45,828	578,019
<b>Expenditures:</b>			
<b>Current:</b>			
Instruction	244,710	-	244,710
School administration	71,746	-	71,746
Operation of plant	62,046	-	62,046
Maintenance of plant	30,791	-	30,791
General support services	13,909	-	13,909
Fiscal services	36,707	-	36,707
<b>Capital outlay:</b>			
Facilities	-	60,622	60,622
Other capital outlay	8,345	-	8,345
Total expenditures	468,254	60,622	528,876
(Excess) deficiency of expenditures over revenues	63,937	(14,794)	49,143
<b>Other financing sources (uses):</b>			
Transfers in	-	9,859	9,859
Transfers out	(9,859)	-	(9,859)
Total other financing sources and uses	(9,859)	9,859	-
Net change in fund balances	54,078	(4,935)	49,143
Fund balance, beginning of the year	272,820	4,935	277,755
Fund balance, end of the year	\$ 326,898	\$ -	\$ 326,898

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 THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009**

Net change in fund balances - Total governmental funds	\$	49,143
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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 depreciation expense exceeds capital outlays in the current period.

(221)

Change in net assets of governmental activities	<u>\$</u>	<u>48,922</u>
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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**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**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 known as The Richardson Academy, Inc., the organization that operates the Charter School. 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 within Hillsborough County in Tampa, Florida. The activities are conducted by the professional staff and teachers employed by the Academy. The governing body of the Academy is the 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 Charter 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.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation

**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 the Academy's core services that fulfill its general mission and objective of offering 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, 2009**

**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 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 FTE 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 FTE students reported by the Academy during the designated student survey periods.

**THE RICHARDSON MONTESSORI ACADEMY, INC.  
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**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Sources (Continued)

The basic amount of funding through the FEFP under Section 1011.62, FS, is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base 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), FS. For the 2008-2009 school year the school reported 84 unweighted FTE. Weighted funding represented approximately 67% 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 2009, there were no eligible expenditures or 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

At June 30, 2009 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 "FDIC") up to \$250,000.

**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, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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. The Academy's policy is to capitalize all capital assets having a useful life of more than one year.

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

	<u>Years</u>
Leasehold improvements	40
Furniture, fixtures and equipment	10
Computer software	3
Library	10
Vehicles	5

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.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Comparative Data

Comparative data for the prior year has been presented only for certain sections of the accompanying financial statements in order to provide an understanding of the changes in the Academy's financial position and operations.

Concentration of Revenue Sources

Approximately 99% of the School's revenue is derived from grants from the federal government passed through the FDOE (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.

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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, 2009**

**NOTE 2 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2009 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 208,146	\$ -	\$ -	\$ 208,146
School building project	40,800	-	-	40,800
Total capital assets, not being depreciated	248,946	-	-	248,946
Capital assets, being depreciated:				
Leasehold improvements	11,504	-	-	11,504
Furniture, fixtures and equipment	76,800	8,345	-	85,145
Computer software	10,370	-	-	10,370
Library	23,000	-	-	23,000
Vehicles	9,375	-	-	9,375
Total capital assets, being depreciated	131,049	8,345	-	139,394
Less accumulated depreciation for:				
Leasehold improvements	(1,837)	(315)	-	(2,152)
Furniture, fixtures and equipment	(65,218)	(5,951)	-	(71,169)
Computer software	(10,370)	-	-	(10,370)
Library	(12,750)	(2,300)	-	(15,050)
Vehicles	(9,375)	-	-	(9,375)
Total accumulated depreciation	(99,550)	(8,566)	-	(108,116)
Total capital assets, being depreciated, net	31,499	(221)	-	31,278
Governmental activities capital assets, net	<u>\$ 280,445</u>	<u>\$ (221)</u>	<u>\$ -</u>	<u>\$ 280,224</u>

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

Depreciation expense was \$8,566 for the year ended June 30, 2009.

**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.

**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, 2009**

**NOTE 4 – RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2009, 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 year ended June 30, 2009 was \$46,285. Amounts due from this related party at June 30, 2009 were \$12,404.

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

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

SOURCES	General Fund	Federal Programs and Capital Outlay	Total	2008 Total
State and local sources passed through School District of Hillsborough County: Florida Education Finance Program (FEFP)	\$ 378,825	\$ -	\$ 378,825	\$ 414,988
Instruction materials	7,300	-	7,300	8,004
SAI categorical	17,744	-	17,744	19,681
Class size reduction	95,377	-	95,377	87,086
Teacher lead	1,308	-	1,308	1,185
Capital outlay	-	45,828	45,828	52,756
 Total state and local sources	 <u>\$ 500,554</u>	 <u>\$ 45,828</u>	 <u>\$ 546,382</u>	 <u>\$ 583,700</u>

An administrative fee, equivalent to 5% of the total eligible funding mentioned above, was withheld by the District totaling \$26,288 and \$27,882 for the years ended June 30, 2009 and 2008, respectively.

**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, 2009**

**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 \$1,750. 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 year ended June 30, 2009 was \$60,622.

**SUPPLEMENTARY INFORMATION**

**THE RICHARDSON MONTESSORI ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**YEAR ENDED JUNE 30, 2009**

	Governmental Fund Types		
	General Fund		
	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental			
State through local	\$ 528,900	\$ 526,842	\$ (2,058)
Other local sources	-	5,349	5,349
Total revenues	<u>528,900</u>	<u>532,191</u>	<u>3,291</u>
Expenditures:			
Current:			
Instruction	292,967	244,710	48,257
Instructional staff training services	6,000	-	6,000
School administration	70,528	71,746	(1,218)
Operation of plant	37,925	62,046	(24,121)
Maintenance of plant	27,400	30,791	(3,391)
General support services	12,000	13,909	(1,909)
Fiscal services	36,695	36,707	(12)
Other capital outlay	-	8,345	(8,345)
Total current - education expenditures	<u>483,515</u>	<u>468,254</u>	<u>15,261</u>
(Excess) deficiency of expenditures over (under) revenues	45,385	63,937	18,552
Other Financing Sources (Uses):			
Transfers out	-	(9,859)	9,859
Net change in fund balances	45,385	54,078	8,693
Fund balance, beginning of the year	<u>272,820</u>	<u>272,820</u>	-
Fund balance, end of the year	<u>\$ 318,205</u>	<u>\$ 326,898</u>	<u>\$ 8,693</u>

## **REGULATORY REPORTS**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN 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 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, Florida, as of and for the year ended June 30, 2009, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated September 25, 2009. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Academy's 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 September 25, 2009.

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.

*Larson Allen LLP*  
LarsonAllen LLP

Tampa, Florida  
September 25, 2009

**“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, 2009, and have issued our report thereon dated September 25, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters dated September 25, 2009. Disclosures in that report, if any, should be considered in conjunction with this management letter.

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

- The Rules of the Auditor General (Section 10.854(1)(e)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 significant findings reported in the preceding annual financial report. However, there were two recommendations made in the prior year management letter. Although the recommendations have not been fully implemented, management is taking the necessary action to address the recommendations.
- The Rules of the Auditor General (Section 10.854(1)(e)3.) require recommendations to improve the Academy’s financial management, which includes its present financial accounting procedures and internal controls. Refer to such current year recommendations at Exhibit A within this letter.

- The Rules of the Auditor General (Section 10.854(1)(e)4.) require that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, 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.
- The Rules of the Auditor General (Section 10.854(1)(e)5.) provides that the auditor may, based upon professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts, or grant agreements or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with the audit we did not have any such findings.
- The Rules of the Auditor General (Section 10.854(1)(e)6.) require the name or official title of the school. The official title of the school is The Richardson Montessori Academy, Inc.
- The Rules of the Auditor General (Section 10.854(1)(e)2.) require a statement as to whether or not the Academy 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 the Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(3)7a. and 10.855(10) Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of the financial information provided the same.

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

*LarsonAllen LLP*  
LarsonAllen LLP

Tampa, Florida  
September 25, 2009

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, 2009 FINANCIAL AUDIT)

CURRENT YEAR RECOMMENDATIONS:

OBSERVATION 2009-01:

Criteria or Specific Requirement

Establish a written procurement policy to enhance segregation of duties.

Condition and Context

The School Administrator verbally authorizes the Academy's purchases. Prior to purchasing items for the Academy, the School Administrator will consult the Academy's accountant to ensure the purchases are within budget. The segregation of duties is ineffective because the individual authorizing transactions (School Administrator) and the individual who initiates and records the transactions (Office Manager) are related.

Effect

Having key administrative personnel related to each other increases the possibility that errors or irregularities, whether intentional or otherwise, will not be reported to the governing body, even if detected within the normal course of business.

Cause

We noted during our audit that two of the administrative office personnel are related (mother/son).

Recommendation

We recommend the Academy's Board of Directors establish purchasing limits for the School Administrator and Office Manager. For instance, all purchases under a designated amount do not require prior Board approval. The approval should be documented in the Board Minutes or in the form of a signed Purchase Order. The approval should be attached to the invoice and retained in the appropriate accounts payable file.

Views of responsible officials and planned corrective actions

Management will discuss this recommendation with the board at the next scheduled board meeting.

**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 2008-01:**

Criteria or Specific Requirement

Personnel files are to include a completed W-4, a completed and signed I-9, an employee approved voluntary deduction statement, and documentation of current pay rate signed by the Academy’s authorized supervisor.

Condition and Context

Based on the auditor’s sample selection, personnel files were determined to be incomplete. I-9’s were not consistently completed and signed by the Academy supervisor responsible for verifying employee identification, W-4’s were not always complete or current, authorized pay rates were not recorded in the personnel file, and employee approved voluntary payroll deductions were not in the personnel file.

Effect

Compliance with employment laws is not easily verified; correct pay rates and withholding amounts are not easily verified for accuracy.

Cause

Inadequate documentation of employees’ wage rates and other pertinent payroll information may lead to paying employees incorrect amounts each pay period.

Recommendation

We recommend the Academy administrator direct the appropriate staff to use the personnel file checklist to ensure the completeness of each personnel file. We further recommend the review of each personnel file for completeness of all required information on each form and that required signatures of employees and Academy staff are appropriately placed.

Views of responsible officials and planned corrective actions

The Academy administrator will direct the appropriate staff to use the personnel file checklist to ensure completeness of each personnel file. A review of each personnel file will be done to confirm completeness of all required information on each form and required signatures of employees and Academy staff should be appropriately placed.

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

“MANAGEMENT LETTER”  
EXHIBIT A

Status Update

This recommendation has been partially addressed by management. The Academy's personnel files appeared complete except for the salary rate authorizations. As part of the budgeting process, we suggest the Board of Directors authorize the employee's salaries, determine the effective date and record the approval in the regular meeting minutes or in the personnel files.

**OBSERVATION 2008-02:**

Status Update

Cleared.

*This space left blank intentionally.*