

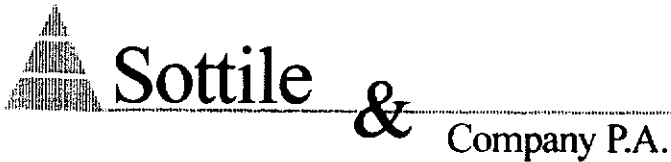
**THE RICHARDSON MONTESSORI ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**JUNE 30, 2010**

**THE RICHARDSON MONTESSORI ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY  
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JUNE 30, 2010**

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Certified Public Accountants, Consultants and Fraud Examiners

## 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, Florida, as of and for the year ended June 30, 2010, 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 2009 financial statements, which were audited by other auditors. The report on those 2009 financial statements, dated September 25, 2009, 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 of America. 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 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, 2010, and the respective changes in financial position 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 30, 2010 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, 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 read in conjunction with this report and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Sottile & Company P.A.*

Tampa, Florida  
August 30, 2010

**THE RICHARDSON MONTESSORI ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

Our discussion and analysis of The Richardson Montessori Academy, Inc.'s (the "Academy") financial program provides an overview of the Academy's financial and non-financial activities for the year ended June 30, 2010. In addition, the discussion and analysis will also provide the following information:

- How the basic financial statements relate to each other and the significant differences of information they provide.
- A comparative analysis of current and prior year financial information to provide reasons for significant changes that significantly affected current year operations.
- An analysis of fund financial information and a review of significant changes in fund balances.
- An analysis of significant variations between original and final budgeted amounts and actual results of operations.
- A description of currently known facts, decisions, or conditions that are expected to have a significant effect on the Academy's prospects for the future.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS:**

The basic financial statements consist of three components:

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

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Academy's financial position. Included in these statements are all assets and liabilities using the accrual method of accounting.

The Statement of Net Assets presents information on all of the Academy's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may be an indicator of improving or deteriorating financial conditions.

The Statement of Activities presents information about the change in net assets and results of operations during the most recent fiscal year. All results of operations and changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

**Fund 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 demonstrate compliance with finance related legal requirements and

**THE RICHARDSON MONTESSORI ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued):**

prudent fiscal management. Fund financial statements provide more detailed information about financial activities focusing on its most significant funds.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-18 of this report.

**Government-Wide Financial Analysis:**

As noted earlier, net assets may over time serve as a useful indicator of the Academy's financial position when the current and prior years are compared.

	Net Assets	
	2010	2009
Current and other assets	\$ 367,945	\$ 344,279
Capital assets	281,397	280,224
Total assets	649,342	624,503
 Current liabilities	 15,991	 17,381
 Net assets:		
Invested in capital assets, net of related debt	281,397	280,224
Restricted	-	-
Unrestricted	351,954	326,898
Total net assets	\$ 649,342	\$ 624,503

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

Revenues for governmental activities totaled \$480,853 for the year ended June 30, 2010. The main source of revenue was from the Florida Education Finance Program ("FEFP"). FEFP revenue represented approximately 69% of total revenue for the 2010 fiscal year.

**THE RICHARDSON MONTESSORI ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued):**

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>
State sources	\$ 480,826	99.99%
Other revenue	<u>27</u>	<u>0.01%</u>
Total	<u>\$ 480,853</u>	<u>100.00%</u>

Revenue decreased and expenditures decreased during the year. Revenue decreases were due to lower student enrollment. The decrease in student enrollment was projected in the prior year's discussion and analysis. Expenditure decreases were due to fewer instructional staff due to lower student enrollment.

	<u>Changes in Net Assets</u>	
	<u>2010</u>	<u>2009</u>
Revenues:		
Program Revenues:		
Capital grants and contributions	\$ 34,342	\$ 45,828
General revenues:		
Unrestricted grants and contributions	446,511	532,191
Total revenues	<u>480,853</u>	<u>578,019</u>
Program expenses:		
Instruction	145,430	244,710
School administration	96,413	71,746
Other expenses	212,781	212,641
Total expenses	<u>454,624</u>	<u>529,097</u>
Increase (decrease) in net assets	<u>\$ 26,229</u>	<u>\$ 48,922</u>

**Current Year/Prior Year Analysis:**

**Financial Analysis of Individual Funds**

An analysis of current year to prior year balances and transactions provide reasons for significant changes in fund balances and/or fund net assets and whether any restrictions, commitments, or other factors could affect the availability of resources for future use.

- State and federal sources of capital outlay declined by \$11,486 from \$45,828 in 2009 to \$34,342 in 2010.
- FEFP revenue declined in 2010 by approximately \$64,134, from \$378,825 in 2009 to \$314,691 in 2010.

**THE RICHARDSON MONTESSORI ACADEMY, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued):**

**Capital Assets**

- Capital assets' net book value increased by \$1,173 during the year due to the net effect of \$10,088 in additions, \$196 in dispositions net of accumulated depreciation, and \$8,719 depreciation expense.
- In fiscal year 2008 the Academy capitalized costs associated with architectural designs associated with the proposed school project located on land owned by the Academy. The Academy has postponed the project.
- The Academy made no borrowings during fiscal year 2010.

**Budgetary Highlights in the General Fund**

Actual revenue was \$446,511

Instruction and other expenditures was under revenue by approximately \$51,686

The General Fund balance at June 30, 2010 was \$351,954 an increase of \$25,056 from June 30, 2009

**Significant Economic Factors for the Future**

Management anticipates the student census will increase to approximately 80 students for the fiscal year ending June 30, 2011. Management has prepared a budget to reflect a projected full-time equivalent (FTE) student population of 78. As a result of the projected FTE, the Academy has projected an operating loss of \$9,800 for fiscal year ending June 30, 2011.

**THE RICHARDSON MONTESSORI ACADEMY, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF THE**  
**SCHOOL DISTRICT OF HILLSBOROUGH COUNTY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**  
**(WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2009)**

	Governmental Activities	2009
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 340,151	\$ 310,265
Receivables	2,202	6,209
Due from related party	2,379	12,404
Due from employee	4,554	245
Prepaid expenses	7,159	3,656
Total current assets	356,445	332,779
<b>CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>		
	281,397	280,224
<b>OTHER ASSETS:</b>		
Deposits	11,500	11,500
Total assets	\$ 649,342	\$ 624,503
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 11,612	\$ 14,641
Accrued expenses	4,379	2,740
Total current liabilities	15,991	17,381
<b>NET ASSETS:</b>		
Invested in capital assets	281,397	280,224
Restricted for capital projects	-	-
Unrestricted	351,954	326,898
Total net assets	633,351	607,122
Total liabilities and net assets	\$ 649,342	\$ 624,503

The accompanying notes to the 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, 2010**  
**(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2009)**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	2009 Total
		Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental Activities:</b>					
Instruction	\$ 145,430	-	\$ -	\$ (145,430)	\$ (244,710)
School administration	96,413	-	-	(96,413)	(71,746)
Operation of plant	59,962	-	-	(59,962)	(62,046)
Maintenance of plant	30,365	-	-	(30,365)	(30,791)
General support services	22,568	-	-	(22,568)	(13,909)
Fiscal services	30,195	-	-	(30,195)	(36,707)
Rent of plant	60,972	-	34,342	(26,630)	(14,794)
Depreciation and amortization expense	8,719	-	-	(8,719)	(8,566)
Total governmental activities	<u>\$ 454,624</u>	<u>\$ -</u>	<u>\$ 34,342</u>	<u>\$(420,282)</u>	<u>\$(483,269)</u>
<b>General Revenues:</b>					
State through local school district		446,511			532,191
Change in net assets		26,229			48,922
Net assets - July 1, 2009		607,122			558,200
Net assets - June 30, 2010		<u>\$ 633,351</u>			<u>\$ 607,122</u>

The accompanying notes to the 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, 2010**

	General Fund	Public Education Capital Outlay	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 340,151	\$ -	\$ 340,151
Receivables	939	-	939
Due from related party	2,379	-	2,379
Due from employee	4,554	-	4,554
Due from others	1,263	-	1,263
Prepaid expenses	7,159	-	7,159
Deposits	11,500	-	11,500
<b>Total assets</b>	<b>\$ 367,945</b>	<b>\$ -</b>	<b>\$ 367,945</b>

**LIABILITIES AND FUND BALANCES**

<b>LIABILITIES</b>			
Accounts payable	\$ 11,612	\$ -	\$ 11,612
Accrued expenses	4,379	-	4,379
<b>Total current liabilities</b>	<b>15,991</b>	<b>-</b>	<b>15,991</b>
<b>FUND BALANCES</b>			
Unrestricted	351,954	-	351,954
Restricted	-	-	-
<b>Total fund balances</b>	<b>351,954</b>	<b>-</b>	<b>351,954</b>
<b>Total liabilities and fund balances</b>	<b>\$ 367,945</b>	<b>\$ -</b>	<b>\$ 367,945</b>

The accompanying notes to the 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, 2010**

Fund Balances - Governmental Funds	\$ 351,954
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

281,397
<u>281,397</u>

Total net assets - Governmental activities	\$ 633,351
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<u>633,351</u>
<u>633,351</u>

The accompanying notes to the 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**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	General	Public Education Capital Outlay	Total Governmental Funds
<b>REVENUES:</b>			
State passed through local school district	\$ 446,484	\$ 34,342	\$ 480,826
Other	27	-	27
Total revenues	446,511	34,342	480,853
<b>EXPENDITURES:</b>			
Current:			
Instruction	145,430	-	145,430
School administration	96,413	-	96,413
Operation of plant	59,765	-	59,765
Maintenance of plant	30,365	-	30,365
General support services	22,568	-	22,568
Fiscal services	30,196	-	30,196
Capital outlay:			
Rent of plant	-	60,972	60,972
Other capital outlay	10,088	-	10,088
Total expenditures	394,825	60,972	455,797
(Excess) deficiency of expenditures over revenues	51,686	(26,630)	25,056
Other financing sources (uses):			
Transfers in	-	26,630	26,630
Transfers out	(26,630)	-	(26,630)
Total other financing sources (uses)	(26,630)	26,630	-
Net change in fund balance	25,056	-	25,056
Fund balance - July 1, 2009	326,898	-	326,898
Fund balance - June 30, 2010	\$ 351,954	\$ -	\$ 351,954

The accompanying notes to the 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  
JUNE 30, 2010**

Net Change in Fund Balances - Governmental Funds \$ 25,056

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 and amortization expense. The amount by which capital outlays exceeds depreciation expense in the current period is 1,369

Governmental funds do not report loss on disposal of assets. However, in the Statement of Activities those losses are recorded upon the disposal of assets. The amount by which the disposal of capital assets exceeds the accumulated depreciation associated with those assets is (196)

Change in net assets of governmental activities \$ 26,229

The accompanying notes to the 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, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Richardson Montessori Academy, Inc. (the “Academy”) is a not-for-profit corporation and operates as a Charter School pursuant to a Charter School Contract (the “Contract”) with the School District of Hillsborough County, Florida (the “District”). Under the Contract the Academy provides an elementary school education to children who reside in Hillsborough County. The Academy is governed by a Board of Directors composed of four members.

The general operating authority of the Academy is contained in Section 1002.33, Florida Statutes. The current charter is for a term of five years beginning July 27, 2010. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent between the Academy and the District and execution of a written renewal. 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 Academy in writing at least ninety days prior to the charter’s expiration. The Academy contract provides in the event the Academy is dissolved or terminated, any unencumbered funds and all Academy property purchased with public funds 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 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’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Section 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.

**Basis of Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements provide information about the Academy’s overall financial condition in a manner similar to a private-sector business. A Statement of Net Assets and Statement of Activities report on the accrual basis of accounting using an economic resources measurement focus for governmental activities as 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, 2010**

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

does not engage in any business type activities. The Statement of Net Assets provides information about the Academy's financial position, with the difference between assets and liabilities reported as net assets. 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 improving or deteriorating financial health.

**Fund Financial Statements**

The Academy'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. Accordingly, the financial statements are organized on the basis of funds. 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 using the current financial resources measurement focus on a modified accrual basis of accounting. The Academy uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. The current 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. The Academy considers revenues collected within sixty days from year-end to be available for revenue recognition in the governmental and fund financial statements.

**Budgetary Basis of Accounting**

The Academy's annual budgets are adopted for the entire operations and presented on the modified accrual basis of accounting and may be amended by the Board of Directors. Since the budgetary basis differs from GAAP, budgetary and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation of expenditures under revenues presented in conformity with GAAP is set forth in the adjustments to the required supplementary information.

**Cash**

Deposits are maintained with commercial banks which are organized under the laws of the United States of America and insured by the Federal Deposit Insurance Corporation (the "FDIC") up to \$250,000. At June 30, 2010 there were no uninsured deposits.

**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, 2010**

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

**Capital Assets**

Expenditures for capital assets acquired for Academy purposes are reported in Governmental Funds that financed the acquisition; whereas the acquired capital assets are capitalized (recorded) at cost in the Statement of Net Assets. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Academy’s policy is to capitalize all capital assets having a useful life of more than one year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Lives (years)
Leasehold improvements	40
Furniture, fixtures and equipment	10
Computer software	3
Library	10
Vehicles	5

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**Income Taxes**

The Academy is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in these basic financial statements.

**Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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, 2010**

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

Comparative Data

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

Revenue Sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the Academy pursuant to the funding provisions included in the charter. Under the provisions of Section 1011.62, Florida Statutes the number of full-time equivalent (FTE) students and related data are reported to the Florida Department of Education (FDE) for funding through the Florida Education Finance Program (FEFP). Funding for the Academy is adjusted during the year to reflect revised calculations by the FDE under the FEFP and actual weighted FTE students reported by the Academy during designated FTE student survey periods.

The Academy, from time to time, also receives federal grant awards for the enhancement of various educational programs. Federal awards are generally received based on an application submitted to and approved by various granting agencies. For federal awards in which a claim to these grant 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 2010 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 Fund.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

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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, 2010**

**NOTE 2 – CAPITAL ASSETS:**

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
<b>Capital assets not depreciated:</b>				
Land	\$ 208,146	\$ -	\$ -	\$ 208,146
School building project	40,800	-	-	40,800
Total capital assets not depreciated	<u>248,946</u>	<u>-</u>	<u>-</u>	<u>248,946</u>
<b>Capital assets depreciated:</b>				
Leasehold improvements	11,504	1,962	-	13,466
Furniture, fixtures and equipment	85,145	8,126	(2,721)	90,550
Computer software	10,370	-	-	10,370
Library	23,000	-	-	23,000
Vehicles	9,375	-	-	9,375
Total capital assets depreciated	<u>139,394</u>	<u>10,088</u>	<u>(2,721)</u>	<u>146,761</u>
<b>Less accumulated depreciation:</b>				
Leasehold improvements	(2,152)	(380)	-	(2,532)
Furniture, fixtures and equipment	(71,169)	(6,039)	2,525	(74,683)
Computer software	(10,370)	-	-	(10,370)
Library	(15,050)	(2,300)	-	(17,350)
Vehicles	(9,375)	-	-	(9,375)
Total accumulated depreciation	<u>(108,116)</u>	<u>(8,719)</u>	<u>2,525</u>	<u>(114,310)</u>
Total capital assets depreciated, net	<u>31,278</u>	<u>1,369</u>	<u>(196)</u>	<u>32,451</u>
Total capital assets, net	<u>\$ 280,224</u>	<u>\$ 1,369</u>	<u>\$ (196)</u>	<u>\$ 281,397</u>

For the year ended June 30, 2010 depreciation expense of \$8,719 is reported in the Statement of Activities, Government-Wide Financial Statements.

**NOTE 3 - RISK MANAGEMENT:**

The Academy is exposed to various risks of loss in the normal course of operations which are related to theft, damage or destruction of assets, errors and omissions, injuries to employees and natural disasters. The Academy purchases commercial insurance for worker's compensation, general liability, commercial property, commercial auto, educators' legal liability and errors and omissions coverage.

**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, 2010**

**NOTE 4 - RELATED PARTY TRANSACTIONS:**

During the year ended June 30, 2010 there were various transactions between the Academy and a private school owned by the Academy's Administrator and her spouse. This related entity operates on the same site as the Academy and shares in personnel, leased space, utilities, and commercial insurance policies with the Academy.

The amount charged to the private school for shared expenses was \$11,379 for the year ended June 30, 2010. The amount due from the related entity at June 30, 2010 was \$2,379.

**NOTE 5 - REVENUE SOURCES:**

The Academy receives revenues for current operations primarily from the State of Florida through the District as detailed in the following schedule of revenue sources and amounts:

<u>Sources</u>	<u>General Fund</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>2009 Total</u>
State and local sources passed through the School District of Hillsborough County:				
Florida Education Finance Program (FEFP)	\$ 314,691	\$ -	\$ 314,691	\$ 378,825
Instruction materials	5,177	-	5,177	7,300
SAI categorical	13,395	-	13,395	17,744
Class size reduction	87,026	-	87,026	95,377
Teacher lead	1,369	-	1,369	1,308
Capital outlay	-	34,342	34,342	45,828
Total state and local sources	<u>\$ 421,658</u>	<u>\$ 34,342</u>	<u>\$ 456,000</u>	<u>\$ 546,382</u>

An administrative fee, equivalent to 5% of the funding reported in the schedule above, was withheld by the District totaling \$22,121 and \$26,288 for 2010 and 2009, respectively.

**NOTE 6 - COMMITMENTS:**

The Academy leases land from a church in monthly installments of \$1,750 with a one year renewal option. The Academy leases modular buildings for its administrative, classroom, and library space under an operating lease. The monthly rent is currently \$4,081. The total rent expense for the land and modular buildings for the fiscal year ended June 30, 2010 less the rent allocation to the private school of \$9,000 was \$60,972.

**REQUIRED 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 IN**  
**FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND**  
**JUNE 30, 2010**

	General Fund		
	Original and Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
State and local sources passed through the School District of Hillsborough County	\$ 437,500	\$ 446,484	\$ 8,984
Other revenue	-	27	27
<b>Total revenues</b>	<b>437,500</b>	<b>446,511</b>	<b>9,011</b>
<b>Expenditures:</b>			
Instruction	218,713	145,430	73,283
School administration	111,331	96,413	14,918
Operation of plant	67,160	59,765	7,395
Maintenance of plant	29,840	30,365	(525)
General support services	27,450	22,568	4,882
Fiscal services	29,725	30,196	(471)
Other capital outlay	5,000	10,088	(5,088)
<b>Total expenditures</b>	<b>489,219</b>	<b>394,825</b>	<b>94,394</b>
Expenses under (over) revenues	(51,719)	51,686	103,405
<b>Other financing sources (uses):</b>			
Transfers out	-	(26,630)	(26,630)
<b>Net change in fund balance</b>	<b>\$ (51,719)</b>	<b>25,056</b>	<b>\$ 76,775</b>
Fund balance - July 1, 2009		326,898	
Fund balance - June 30, 2010		<b>\$ 351,954</b>	

**REGULATORY REPORTS**



**Sottile & Company P.A.**

Certified Public Accountants, Consultants and Fraud Examiners

4437 West Oklahoma Avenue  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
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  
Tampa, 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, 2010, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated August 30, 2010. 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 of America.

**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 opinions 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 was not designed to identify all deficiencies in internal control over financial reporting 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 misstatement, 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 30, 2010.

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

*Sottile & Company P.A.*

Tampa, Florida

August 30, 2010



**Sottile & Company P.A.**

Certified Public Accountants, Consultants and Fraud Examiners

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Tampa, FL 33616-1014  
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**MANAGEMENT LETTER**

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 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 fiscal year ended June 30, 2010, and have issued our report thereon dated August 30, 2010.

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 August 30, 2010. 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, 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' report:

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no significant findings reported in the preceding annual financial audit report; however there was one recommendation made in the prior year Management Letter. The recommendation has been partially implemented by management and the Board of Directors. See Management Letter Exhibit A.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address in the Management Letter any recommendations to improve financial management. In connection with our audit, refer to Exhibit A of this letter.

- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is The Richardson Montessori Academy, 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 The Richardson Montessori Academy, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(e)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 financial information provided by same.

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

*Sottile & Company P.A.*

Tampa, Florida  
August 30, 2010

**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, 2010 Financial Statement Audit)**

**CURRENT YEAR RECOMMENDATIONS:**

**Observation 2010-01:**

Criteria or Specific Requirement

Employee personnel files are to be maintained with current information.

Condition and context

The employee files do not have current documents that should be filled out by the employee or Academy management each year whether or not the information changes to include, but not limited to IRS Form W-4, Employment Agreement to include rate of pay, and an updated insurance application form or a statement declining insurance coverage.

Effect

The likelihood of payroll errors to include incorrect rates of pay and insurance deductions increases without current documentation in the personnel files.

Cause

The lack of current W-4's, insurance applications, and employment agreements in the personnel files.

Recommendation

We recommend each January, each employee of the Academy be required to fill out a current W-4 whether or not the employee requests a federal income tax withholding change. We recommend each employee fill out an insurance application form each year whether or not they have a change in status or are declining insurance. We recommend the Academy complete an employment agreement with each employee at the beginning of the academic year to include the rate of pay, employee expectation(s), and employer expectation(s).

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

**EXHIBIT A**

Views of Responsible Officials and Planned Corrective Actions

Each January we will have each employee of the Academy be required to fill out a current W-4 and insurance application form each year whether or not there is a change in status. Employees will also complete an employment agreement with rate of pay employee expectation(s), and employer expectation(s).

**Observation 2010-02:**

Criteria or Specific Requirement

Establish a written disaster recovery plan.

Condition and context

Currently the Academy Administrator has a working relationship with other charter schools. However, there is not a written plan or mutual agreements in place with other charter schools or the School District of Hillsborough County for temporary placement of students during a period the facilities of The Richardson Montessori Academy are unusable due to climate or other disaster.

Effect

Not having a written plan in place will cause an unnecessary delay in finding temporary facilities for the students and could affect the ability of the Academy to retain the students after the emergency has passed. The Academy's revenue is based on the FTE count which has a direct relationship to the student population.

Cause

The lack of a written disaster recovery plan.

Recommendation

We recommend the Academy develop written and formal mutual agreements with other charter schools and the School District of Hillsborough County to temporarily house the students of The Richardson Montessori Academy if there is a temporary disruption of the use of the Academy's facilities for the purpose of educating elementary age students.

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

**EXHIBIT A**

Views of Responsible Officials and Planned Corrective Actions

The Academy will develop a written and formally mutual agreement with other charter schools and the SDHC to temporarily house the students of The Richardson Montessori Academy if there is a temporary disruption of the use of the Academy's facilities for the purpose of educating elementary age students.

**Observation 2010-03:**

Criteria or Specific Requirement

Unclaimed property must be turned over to the State of Florida.

Condition and context

Currently Richardson Montessori Academy has two uncleared checks on the bank reconciliation that were made payable several years ago to two former employees.

Effect

Chapter 717, Florida Statutes, states that all unclaimed property must be turned over to the Department of Financial Services of the State of Florida no later than May 1 of the following year the unclaimed property comes to the attention of the holder.

Cause

The Academy is unaware of its responsibility to turn over unclaimed property to the Florida Department of Financial Services.

Recommendation

We recommend the Academy comply with Chapter 717, Florida Statutes, The Florida Disposition of Unclaimed Property Act. The Academy may contact the Florida Department of Financial Services, Division of Accounting and Auditing-Bureau of Unclaimed Property at 850-413-5522 or [www.fltreasurehunt.org/file/Reporting-Instructions-Manual-2010.pdf](http://www.fltreasurehunt.org/file/Reporting-Instructions-Manual-2010.pdf).

Views of Responsible Officials and Planned Corrective Actions

The Academy will comply with Chapter 717, Florida Statutes, The Florida Disposition of Unclaimed Property Act by contacting the Florida Department of Financial Services,

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

**EXHIBIT A**

Views of Responsible Officials and Planned Corrective Actions (continued)

Division of Accounting and Auditing –Bureau of Unclaimed Property at 850-413-5522 or  
[www.fltreasurehunt.org/file/Reporting-Instructions-Manual-2010.pdf](http://www.fltreasurehunt.org/file/Reporting-Instructions-Manual-2010.pdf)

**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 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.

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

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

Status Update

Management and the Board of Directors has discussed this issue. Purchasing limits are still under discussion and it should be noted that the expenditures are within budget which is established prior to the start of the Academy's fiscal year.