

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORTS
THEREON

Year Ended June 30, 2019

Stellar Leadership Academy, Inc.

TABLE OF CONTENTS

PAGE(S)

Independent Auditors' Report.....	1-2
Required Supplementary Information	
Management's discussion and analysis (Unaudited).....	3-8
Basic Financial Statements	
Statement of Net Position.....	9
Statement of activities.....	10
Fund Financial Statements:	
Governmental Funds:	
Balance sheet.....	12
Reconciliation of the Governmental Fund Balance Sheet	
to the Statement of Net Position.....	13
Statement of revenues, expenditures and change in fund balance.....	14
Reconciliation of the Statement of Revenue, Expenditures and Changes	
In Fund Balance of Governmental Funds to the Statement of Activities.....	15
Notes to basic financial.....	16-23
Supplementary Information (Unaudited)	
Budgetary comparison schedule.....	25
Notes to supplementary information.....	26
Reports Required by Government Auditing Standards	
Independent Auditors' Report on Internal Control over Financial	
Reporting and on Compliance and Other Matters Based on an	
Audit of Financial Statements Performed in Accordance with	
<i>Government Auditing Standards</i>	27-28
Management Letter in Accordance with the rules of the	
Auditor General of the State of Florida.....	29-31



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Stellar Leadership Academy, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Stellar Leadership Academy, Inc. (the "Charter School"), which is a component unit of the Miami-Dade County District School Board, Miami, Florida, as of, and for the year ended June 30, 2019, which collectively comprises the Charter School's basic financial statements as listed in the table of contents for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits 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 and the provision of Chapter 10.850, Charter School's audit, issued by the Auditor General of the State of Florida. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



INDEPENDENT AUDITORS' REPORT – Continued

Auditors' Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Charter School, as of June 30, 2019, 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.

Other Matters-Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–9 and 28–29 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 2019, on our consideration of the Charter School's internal control over financial reporting and 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 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.

Gardner & Associates, PA
Miami, Florida
September 16, 2019

STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Our discussion and analysis of the Stellar Leadership Academy, Inc.'s ("Academy") financial program provides an overview of the Academy's financial activities for the year ended June 30, 2019.

Because the information contained in this discussion is intended to highlight significant transactions, it should be read in conjunction with the Academy's financial statements which begin on page 7.

For financial statement purposes, the Academy is considered a component unit of the District School Board of Miami-Dade County, Florida, which is a primary government entity for financial reporting. The Academy has included separate statements for the Balance Sheet of Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds. The Fund Financial Statements reflect financing activities of the Academy by providing information on inflows and outflows of spendable resources, while the Statement of Net Position and the Statement of Activities provide information on the activities of the Academy.

OVERVIEW OF THE 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. All of the current year's revenues and expenses are recorded when received.

The Statement of Net Position presents information on all of the Academy's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All 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.

Governmental Funds - All of the Academy's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Academy's governmental activities and the basic services it provides.

**STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the Financial Statements

The *Notes to the 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 13-20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Academy's financial position. The following table presents an analysis of the condensed government-wide statements of net position:

CONDENSED STATEMENT OF NET POSITION

	June 30, 2019	June 30, 2018	Variance
Current assets	\$ 531,359	\$ 351,924	\$ 179,435
Noncurrent assets			
Capital assets, net of depreciation	115,366	97,078	18,288
Total assets	<u>\$ 646,725</u>	<u>\$ 449,002</u>	<u>\$ 197,723</u>
Current liabilities	<u>\$ 47,330</u>	<u>\$ 61,930</u>	<u>\$ (14,600)</u>
Net Position			
Invested in capital assets, net of related debt	\$ 115,366	\$ 97,078	\$ 18,288
Unrestricted	484,029	289,994	194,035
Total Net Position	<u>\$ 599,395</u>	<u>\$ 387,072</u>	<u>\$ 212,323</u>
Total Liabilities and Net Position	<u>\$ 646,725</u>	<u>\$ 449,002</u>	<u>\$ 197,723</u>

Current assets increased 51% due to an increase in student enrollment. At the end of the fiscal year, the Charter School is able to report a positive balance in the total net position with a net increase for the year of \$212,323. The Charter School's net position also reflects its investment in capital assets (e.g. buildings, building improvements, furniture, fixtures and equipment), net of related debt. The Charter School uses its capital assets to provide services to students. Consequently, these assets are not available for future spending.

Unrestricted assets increased 67% due to an increase in student enrollment.

Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2019, the Charter school had no restricted assets. The remaining unrestricted balance may be used in any of the Charter School's ongoing operations.

STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Government-wide Financial Analysis - Continued

The following table presents information on the condensed government-wide statements of changes in net position:

CONDENSED STATEMENT OF CHANGES IN NET POSITION

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Revenues:			
General revenues	\$ 2,021,122	\$ 1,910,188	\$ 110,934
Program revenues:			
Operating grants and contributions	193,801	205,774	(11,973)
Capital grants and contributions	<u>177,676</u>	<u>126,635</u>	<u>51,041</u>
Total revenues	<u>2,392,599</u>	<u>2,242,597</u>	<u>150,002</u>
Expenses:			
Instruction	678,435	620,023	58,412
Pupil personnel services	34,365	32,402	1,963
Board	30,142	31,834	(1,692)
General administration	191,903	188,959	2,944
School administration	365,670	391,785	(26,115)
Facilities Acquisition and Construction	-	311,722	(311,722)
Fiscal services	65,495	59,069	6,426
Food services	97,563	120,557	(22,994)
Pupil transportation	37,413	27,885	9,528
Operation of plant	623,405	275,856	347,549
Information services	-	7,294	(7,294)
Unallocated depreciation expense	<u>55,885</u>	<u>40,990</u>	<u>14,895</u>
Total expenses	<u>2,180,276</u>	<u>2,108,376</u>	<u>71,900</u>
Change in Net Position	212,323	134,221	78,102
Net Position - beginning	<u>387,072</u>	<u>252,851</u>	<u>134,221</u>
Net Position - ending	<u>\$ 599,395</u>	<u>\$ 387,072</u>	<u>\$ 212,323</u>

STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019

Government-wide financial analysis - Continued

- At the end of the fiscal year there were 310 students in grades 9th through 12th grade. Revenues are based on the amount received per student from the State through the School Board of Miami-Dade County.
- Expenses for instruction are the result of teachers' salaries and related benefits, and also materials and supplies that directly impact student learning.
- School administration is due primarily to administrator and other administrative personnel related benefits as well as administrative costs.
- Expense for pupil transportation services is due to the transportation of students to and from school.
- Operation of plant expenses consists of utilities, communications, insurance costs, support personnel and related benefits.

Financial Analysis of the Charter School's Funds

As noted earlier, the Charter School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the Charter School's governmental funds is to provide information on near-term inflows, outflows and spendable resources. Such information is useful in assessing the Charter School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Charter School's net resources available for spending at the end of the fiscal year.

At the end of fiscal year 2019 the Charter School's governmental fund reported a positive ending fund balance of \$484,029.

**STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Budgetary Highlights

Prior to the start of the School's fiscal year, the Board of directors of the School adopted an annual budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget. Budget to actual comparisons for fiscal year 2019 are presented on Page 28.

The general fund budget for the fiscal year ended June 30, 2019, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the school revised its general fund several times. Refer to the Budgetary Comparison Schedule for additional information.

Capital Assets and Debt Administration

As of June 30, 2019 the Charter School had investment in capital assets of \$115,366. This amount is net of accumulated depreciation of \$208,057 Capital assets additions in the current year include new computers and furniture.

The Charter School has no outstanding debt.

Economic Factors

During fiscal year 2019, the Charter School experienced an increase in its net position of 67%. The major contributing factor was due to an increased in the student population.

**STELLAR LEADERSHIP ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

School Enrollment

During the fiscal years June 30, 2019, the grade levels at the Charter School ranged from Grade 9th through Grade 12th, with a total enrollment of 310 students.

Requests for Information

This financial report is designed to provide a general overview of the Academy's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stellar Leadership Academy, Inc., 7900 Northwest 27th Avenue, Suite F-1, Miami, Florida 33147.

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Cash	\$ 493,112
Accounts receivable	16,789
Deposit receivable	21,458
	531,359
Furniture, fixtures and equipment	323,423
Less accumulated depreciation	(208,057)
	115,366
Total Assets	\$ 646,725
Liabilities	
Accounts payable	12,070
Salaries and wages payable	35,260
Total liabilities	\$ 47,330
Net Position	
Invested in capital assets, net of related debt	\$ 115,366
Unrestricted	484,029
	599,395
Total Net Position	\$ 599,395
Total Liabilities and Net Position	\$ 646,725

The accompanying notes are an integral part of these basic financial statements.

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Position
Governmental activities					
Instruction	\$ 678,435	\$ -	\$ 74,400	\$ 31,792	\$ (572,243)
Pupil personnel services	34,365	-	-	-	(34,365)
School Board	30,142	-	-	-	(30,142)
General administration	191,903	-	-	-	(191,903)
School administration	365,670	-	-	-	(365,670)
Facilities Acquisition and Construction	-	-	-	-	-
Fiscal services	65,495	-	-	-	(65,495)
Food services	97,563	752	118,649	-	21,838
Pupil transportation	37,413	-	-	-	(37,413)
Operation of plant	623,405	-	-	145,884	(477,521)
Information services	-	-	-	-	-
Unallocated depreciation expense	55,885	-	-	-	(55,885)
	<u>\$ 2,180,276</u>	<u>\$ 752</u>	<u>\$ 193,049</u>	<u>\$ 177,676</u>	<u>\$ (1,808,799)</u>
General revenues:					
					2,017,105
School Board of Miami- Dade County - FTE					4,017
Miscellaneous					<u>2,021,122</u>
Total general revenues					<u>2,021,122</u>
Change in Net Position					212,323
Net Position - July 1, 2018					387,072
Net Position - June 30, 2019					<u>\$ 599,395</u>

The accompanying notes are an integral part of these basic financial statements.

STELLAR LEADERSHIP ACADEMY, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF THE MIAMI-DADE
COUNTY DISTRICT SCHOOL BOARD
FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

Balance Sheet - Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 493,112	\$ -	\$ 493,112
Accounts receivable, net	16,789	-	16,789
Due from other fund	40,956	-	40,956
Deposits receivable	21,458	-	21,458
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 572,315</u>	<u>\$ -</u>	<u>\$ 572,315</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 12,070	\$ -	\$ 12,070
Due to other fund	-	40,956	40,956
Salaries and wages payable	35,260	-	35,260
Total liabilities	<u>\$ 47,330</u>	<u>\$ 40,956</u>	<u>\$ 88,286</u>
 Fund Balances:			
Nonspendable			
Deposits receivable	\$ 21,458	\$ -	\$ 21,458
Unassigned	503,527	(40,956)	462,571
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>\$ 524,985</u>	<u>\$ (40,956)</u>	<u>\$ 484,029</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 572,315</u>	<u>\$ -</u>	<u>\$ 572,315</u>

The accompanying notes are an integral part of these basic financial statements.

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the District
School Board of Miami-Dade County, Florida

Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2019

Total fund balances- Governmental funds, Page 14	\$	484,029
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of capital assets	\$	323,423
Accumulated depreciation	<u>(208,057)</u>	115,366
Total Net Position - governmental activities, Page 9	<u>\$</u>	<u>599,395</u>

The accompanying notes are an integral part of these basic financial statements.

Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida

Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
for the Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
School Board of Miami- Dade County - FTE	\$ 2,017,105	\$ -	\$ 2,017,105
Operating grants and contributions	74,400	118,649	193,049
Capital grant and other contributions	177,676	-	177,676
Charges for services	-	752	752
Miscellaneous revenues	4,017	-	4,017
	<u>2,273,198</u>	<u>119,401</u>	<u>2,392,599</u>
Expenditures			
Instruction	678,435	-	678,435
Pupil personnel services	34,365	-	34,365
School Board	30,142	-	30,142
General administration	191,903	-	191,903
School administration	365,670	-	365,670
Facilities Acquisition and Construction	-	-	-
Fiscal services	65,495	-	65,495
Food services	-	97,563	97,563
Pupil transportation	37,413	-	37,413
Information services	-	-	-
Operation of plant	623,405	-	623,405
Capital outlay:			
Furniture & equipment	74,173	-	74,173
Total current expenditure	<u>2,101,001</u>	<u>97,563</u>	<u>2,198,564</u>
Excess (deficit) of revenues over expenditures	<u>172,197</u>	<u>21,838</u>	<u>194,035</u>
Fund balance - July 1, 2018	352,788	(62,794)	289,994
Fund balance - June 30, 2019	<u>\$ 524,985</u>	<u>\$ (40,956)</u>	<u>\$ 484,029</u>

The accompanying notes are an integral part of these basic financial statements.

**Stellar Leadership Academy Inc.
A Charter School and Component Unit of the
District School Board of Miami-Dade County, Florida**

**Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2019**

Total net changes in fund balance - governmental funds, Page 14	\$	194,035
Amounts reported for governmental activities in the statement of Net Position are different because:		
Capital outlays are reported in governmental funds as expenditures however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Cost of capital assets purchased	\$ 74,173	
Provision for depreciation	<u>(55,885)</u>	18,288
Change in Net Position of governmental activities, Page 10	\$	<u><u>212,323</u></u>

The accompanying notes are an integral part of these basic financial statements.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Stellar Leadership Academy, Inc. (the “Academy”) operates as a Charter School pursuant to a Charter School Contract (“the Contract”) with the District School Board of Miami-Dade County, Florida (“the District”). Under the Contract, the Academy provides high school education to children who reside in Miami-Dade County. The governing body of the Academy is the Board of Directors, which is composed of three members.

The Academy is a non-profit organization and is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

The general operating authority of the Academy is contained in Section 1002.33, Florida Statutes. The current charter is effective until June 30, 2020. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent of the parties 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 90 days prior to the charter’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown.

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*, 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 Academy is a component unit of the District.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the non-fiduciary activities of the Academy. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the Academy does not engage in any business type activities.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

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

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the Academy has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- Nonspendable fund balance - includes amounts that are not in a spendable form or are required to be maintained intact and that are not expected to be converted to cash. The nonspendable fund balance includes deposits totaling \$21,458 at June 30, 2019.
- Restricted fund balance - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can be used only for the specific purposes determined by a formal action of the Academy's highest level of decision-making authority. Commitments may be changed or lifted only by the Academy taking the same formal action that imposed the constraint originally. There is no committed fund balance at June 30, 2019.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

- Assigned fund balance - comprises amounts intended to be used by the Academy for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund. There is no assigned fund balance at June 30, 2019.
- Unassigned fund balance - the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund. The unassigned fund balance at June 30, 2019 is \$462,571.

Separate fund financial statements report detailed information about the Academy's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. All of the Academy's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government - wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

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 an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The Academy reports the following major governmental funds:

General Fund— the general operating fund of the Academy. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - to account for the proceeds Capital Outlay and other revenues that are legally restricted to expenditures for capital projects.

The Academy has a revenue spending policy that provides policy for programs with multiple revenue sources. The board of directors will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-city funds, city funds and funds passed through the District. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The board of directors has the authority to deviate from this policy if it is in the best interest of the Academy.

4. Budgetary basis of accounting

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

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Cash

Cash is made up of cash on hand at the Academy and/or checking and money market accounts held at one financial institution. The Academy has no cash equivalents.

6. Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. For the year ended June 30, 2019, the Academy recorded net capital assets of \$97,078.

Property, plant and equipment of the Academy is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures and equipment	5-7
Software	3

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

7. 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 Academy's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the Academy reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data 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 receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Use of estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

9. Income taxes

The Academy is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is recorded in the accompanying financial statements.

The Academy adopted the provisions of FASB ASC 740 (formerly FASB Interpretation No. 48 *Accounting for Uncertainty in Income Taxes* (FIN 48). Under FASB ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of ACS 740 had no impact on the Academy's financial statements. The Academy does not believe there are any uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.

The Academy is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Academy's federal income tax returns for 2015-2019 remain subject to examination by major tax jurisdictions.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE B - CONCENTRATIONS

1. Revenue sources

As stated in Note A-7, the Academy receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

<u>Sources</u>	<u>Amounts</u>
Federal grants through local district	\$ 370,725
State funding through local district	2,017,105
Other revenue	<u>4,769</u>
	<u>\$2,392,599</u>

2. Cash

Under Chapter 280, Florida Statutes, the Academy's deposits must be placed in banks and savings and loans which are qualified as public depositories. The Academy maintains cash deposits at a bank in Florida. Deposits at the bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer and collateral pool. As of June 30, 2019, the cash held was over the uninsured bank deposit balances.

NOTE C – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Furniture, Fixtures, and Equipment	249,250	\$ 74,173	-	\$ 323,423
	249,250	74,173	-	323,423
Less: Accumulated Depreciation	(152,172)	(55,885)	-	(208,057)
Total	<u>\$ 97,078</u>	<u>\$ 18,288</u>	<u>-</u>	<u>\$ 115,366</u>

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE C – CAPITAL ASSETS (continued)

Depreciation expense of \$55,885 was charged to the basic instruction function for the year ended June 30, 2019.

NOTE D - COMMITMENTS AND CONTINGENCIES

The Academy entered into lease with Northside Centre, LLC on June 18, 2015 for its administrative and classroom space under a non-cancelable operating lease. The lease expires June 30, 2021. Rental expenses for the year ended June 30, 2019 were approximately \$311,960.

Future minimum lease payments required under the lease are approximately as follows:

June 30:

2020	311,960
2021	<u>311,960</u>
Total	\$623,920

NOTE E – MANAGEMENT AGREEMENT

The Academy currently does not have a management company.

NOTE F - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Academy purchases commercial insurance for all material risks of loss to which the Academy is exposed, including general liability, property and workers' compensation.

NOTE G – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through September 16, 2019, which is the date the financial statements became available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of Miami-
Dade County, Florida

Schedule of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2019
(Unaudited)

General Fund

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variances Positive (Negative)
Revenues:				
School Board of Miami- Dade County - FTE	\$ 1,865,360	\$ 2,017,105	\$ 2,017,105	\$ -
Operating grants and contributions	45,000	70,000	74,400	4,400
Capital grants and contributions	127,000	177,000	177,676	676
Miscellaneous revenues	21,000	5,000	4,017	(983)
Total revenues	<u>2,058,360</u>	<u>2,269,105</u>	<u>2,273,198</u>	<u>4,093</u>
Instruction	528,220	678,000	678,435	(435)
Pupil Personnel Services	33,000	33,000	34,365	(1,365)
School Board	21,000	30,000	30,142	(142)
General Administration	190,183	191,903	191,903	-
School Administration	344,455	360,000	365,670	(5,670)
Facilities Acquisition and Construction	312,000	-	-	-
Fiscal Services	60,000	60,000	65,495	(5,495)
Central services	7,300	-	-	-
Pupil transportation services	28,000	38,000	37,413	587
Operation of Plant	275,100	622,000	623,405	(1,405)
Total expenditure	<u>1,799,258</u>	<u>2,012,903</u>	<u>2,026,828</u>	<u>(13,925)</u>
Excess (deficit) of revenues over expenditures	<u>\$ 259,102</u>	<u>\$ 256,202</u>	<u>\$ 246,370</u>	<u>\$ (9,832)</u>

Special Revenue Fund

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variances Positive (Negative)
Revenues:				
Operating grants and contributions	\$ 151,900	\$ 120,000	\$ 118,649	\$ (1,351)
Charges for services	-	-	752	752
Total revenues	<u>151,900</u>	<u>120,000</u>	<u>119,401</u>	<u>(599)</u>
Food Services	121,000	98,000	97,563	437
Total expenditures	<u>121,000</u>	<u>98,000</u>	<u>97,563</u>	<u>437</u>
Excess (deficit) of revenues over expenditures	<u>\$ 30,900</u>	<u>\$ 22,000</u>	<u>\$ 21,838</u>	<u>\$ (162)</u>

The accompanying notes are an integral part of these basic financial statements.

STELLAR LEADERSHIP ACADEMY, INC.
A Charter School and Component Unit of the District School Board of
Miami-Dade County, Florida

NOTES TO SUPPLEMENTARY INFORMATION

Budgetary Basis of 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).

NOTE A.

The Charter School formally adopted a budget for the year ended June 30, 2019. Budgeted amounts may be amended by resolution or ordinance by the Board. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to the budgeted amounts for the General Fund is presented as supplementary information.

NOTE B.

The budget is adopted using the same basis of accounting on which the financial statements are prepared except for a 5% administrative charge up to the first 250 students that is retained by the School Board of Miami-Dade County.

**INDEPENDENT AUDITORS' 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
Stellar Leadership Academy, Inc.
Miami, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of Stellar Leadership Academy, Inc. (the "Charter School"), a component unit of the Miami-Dade County District School Board, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Stellar Leadership Academy, Inc.'s basic financial statements, and have issued our report thereon dated September 16, 2019

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Internal Control over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors, management, the Miami-Dade County District School Board and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Gardner & Associates, PA
Miami, Florida
September 16, 2019



**MANAGEMENT LETTER
IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF
THE STATE OF FLORIDA**

To the Board of Directors
Stellar Leadership Academy, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of Stellar Leadership Academy, Inc. (the “School”), Florida, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated September 16, 2019.

Auditor’s Responsibility

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, and Chapter 10.850, Rules of the Florida Auditor General.

Other Reports Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports which are dated September 16, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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 findings or recommendations made in the preceding annual financial audit report.



Management Letter - Continued

Official Title

Section 10.854(1)(e)5., rules of the Auditor General, requires that the name or official title of the entity be disclosed in this management letter. The official title of the entity is Stellar Leadership Academy, Inc.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School'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.

Section 10.854(1)(e)(3), Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its website information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.



Purpose of this letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, School's management, and the School Board of Miami-Dade County and is not intended to be and should not be used by anyone other than these specified parties.

Gardner & Associates, PA
Miami, Florida
September 16, 2019