

**ACADEMY FOR INTERNATIONAL EDUCATION  
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORTS THEREON**

**JUNE 30, 2020**

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# **Sotolongo & Associates, P.A.**

## **Certified Public Accountants**

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### **Report of Independent Auditors on Basic Financial Statements and Supplementary Information**

To the Board of Directors of  
Academy for International Education  
Upper Charter School for Science and Technology  
Miami Springs, Florida

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Academy for International Education Upper Charter School for Science and Technology (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

#### ***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.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Academy for International Education Upper Charter School for Science and Technology as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Emphasis of Matters**

As described in Note 1 to the financial statements, the accompanying financial statements present the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2020, and the respective changes in financial position thereof or the year the ended, and not the financial statements of Miami-Dade Foundation for Educational Innovation, Inc. (the School's operator). Our opinion is not modified with respect to this matter.

As described in Note 10 to the financial statements, as a result of COVID-19, the School may have to incur additional expenses during the 2020-2021 school year associated with distance learning. Our opinion is not modified with respect to this matter.

## **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 schedule on pages 3–9, and 29–30, respectively, 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 10, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Academy for International Education Upper Charter School for Science and Technology's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Sotolongo & Associates, P.A." The signature is written in a cursive style.

Miami, Florida  
September 10, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Academy for International Education Upper Charter School for Science and Technology (the "School") presents Management's Discussion and Analysis, which is intended to provide an overview of the School's financial position and changes in financial position for the fiscal year ended June 30, 2020.

Since the focus of the Management's Discussion and Analysis (MD&A) is on the current year activities, resulting changes and currently known facts, it should be read in conjunction with the School's financial statements, including the accompanying notes.

### FINANCIAL HIGHLIGHTS

The following are among the major financial highlights:

- The year ended June 30, 2020, was the School's first year of operations. The School's charter allows for grade levels six through twelve.
- During the year the School provided instruction in grades six through nine to approximately 378 students.
- At June 30, 2020, the School had a net position of approximately \$316,000.
- At June 30, 2020, the School had current assets of approximately \$404,000.
- For the year ended June 30, 2020, the School's revenues exceeded expenses by approximately \$315,000.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements and the notes thereto, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
  - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the independent auditors' report on compliance and internal control required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Florida Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities, The Florida Virtual School, and Virtual Instruction Program Providers*.

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements
		Governmental Funds
Scope	Entire school not including fiduciary	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net position and statement of activities	Balance sheet and statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

## Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position is an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no major business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

## Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School uses or may use the following types of funds:

- *General Fund* – is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- *Special Revenue Fund* – accounts for specific revenue, such as federal grants, that is legally restricted to expenditures for particular purposes.
- *Capital Projects Fund* – accounts for the financial resources accumulated that are restricted for capital outlays.
- *Debt Service Fund* – accounts for accumulation of resources for, and the payment of, general long-term debt.

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

### Net Position

The following table provides the School's net position as of June 30, 2020 and 2019:

	<b>Governmental Activities</b>		Amount Increase (Decrease)
	<b>2020</b>	<b>2019</b>	
Current and other assets	\$ 403,880	\$ 1,639	\$ 402,241
Capital assets, net	531,168	-	531,168
Total assets	<u>935,048</u>	<u>1,639</u>	<u>933,409</u>
Current and other liabilities	328,697	1,000	327,697
Noncurrent liabilities - due within one year	-	-	-
Noncurrent liabilities - due in more than one year	290,499	-	290,499
Total liabilities	<u>619,196</u>	<u>1,000</u>	<u>618,196</u>
Net position			
Net investment in capital assets	531,168	-	531,168
Unrestricted	<u>(215,316)</u>	<u>639</u>	<u>(215,955)</u>
Total net position	<u>\$ 315,852</u>	<u>\$ 639</u>	<u>\$ 315,213</u>

The year ended June 30, 2020, was the School's first year of operations. Current and other assets of the School, primarily consisting of cash and cash equivalents, increased from an operating surplus, an advance from the Lower School (See Note 6 to the financial statements) and a loan from the Paycheck Protection Program. Capital assets increased due to planned capital outlay expenditures exceeding depreciation. Salaries payable and other accrued expenses increased due to an increase in the payroll expenditures. The change in total net position was due to the current year operating surplus.



## Change in Net Position

The following table compares the changes in the School's net position from its activities for the fiscal years ended June 30, 2020 and 2019:

	<b>Governmental Activities</b>		Amount
	<u>2020</u>	<u>2019</u>	Increase (Decrease)
Revenues:			
Federal through state grant	\$ 230,725	\$ 768	\$ 229,957
State sources	2,577,213	-	2,577,213
Contributions and other revenue	98,762	-	98,762
Total revenues	<u>2,906,700</u>	<u>768</u>	<u>2,905,932</u>
Expenses:			
Instruction	1,391,344	-	1,391,344
Student support services	99,662	-	99,662
Instruction-related technology	22,996	-	22,996
Professional development	7,586	-	7,586
Board	36,058	-	36,058
General administration	250,502	-	250,502
School administration	430,843	-	430,843
Fiscal services	19,361	129	19,232
Central services	15,274	-	15,274
Operation and maintenance of plant	317,861	-	317,861
Total expenses	<u>2,591,487</u>	<u>129</u>	<u>2,591,358</u>
Change in net position	<u>\$ 315,213</u>	<u>\$ 639</u>	<u>\$ 314,574</u>

Increases in revenues and expenses were due to the year ended June 30, 2020, being the School's first year of operations.

## **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial information is presented separately in the Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

As the School completed the fiscal year, its governmental funds reported a combined fund balance of \$75,183. Both revenues and expenditures increased overall for the same reasons described above for the governmental activities. In addition, expenditures increased due to capital outlay expenditures mentioned below.

### **Budgetary Highlights**

Budget amendments, if necessary, generally fall into two categories:

- Changes made to account for changes in student enrollment.
- Increases in appropriations to prevent certain budget overruns.

As shown in the accompanying budgetary comparison schedule – general fund, for the year ended June 30, 2020, actual general fund revenues were approximately \$230,000 below the final budgeted amounts. Actual general fund expenditures were approximately \$279,000 below the final budgeted amount.

For the year ended June 30, 2020, revenues were below budgeted amounts primarily because the budget included revenues that were accounted for in the special revenue fund. Instruction expenditures were below the budgeted amount also because certain instruction expenditures were accounted for in the special revenue fund. In addition, certain capital outlay expenditures were budgeted to the instruction function and were accounted for in the capital outlay function. The budget for school administration included certain capital outlay expenditures that were accounted for in the capital outlay function. In addition, school administration expenditures for personnel salaries and wages were lower than anticipated in the budget. Operation of plant expenditures were lower than budgeted, as certain operation and maintenance of plant expenditures were considered capital outlay expenditures.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of June 30, 2020, the School had capital assets, net of accumulated depreciation and amortization, of \$531,168. During the year ended June 30, 2020, the school invested \$544,045 for leasehold improvements and furniture and equipment, including computer equipment.

There were no capital asset disposals in the current year. More detailed information about the School's capital assets is presented in Note 2 to the financial statements.

### **Noncurrent Liabilities**

As of June 30, 2020, the School had \$290,499 of noncurrent liabilities outstanding. During the year ended June 30, 2020, the School increased its noncurrent liabilities by obtaining a Paycheck Protection Program loan of \$290,499. More detailed information about the School's noncurrent liabilities is presented in Note 3 to the financial statements.

## **ECONOMIC FACTORS**

As a charter school, the School receives most of its funding from FEFP, which are primarily State funds. The State of Florida, by constitution, does not have a state personal income tax; therefore, the state operates primarily using sales, gasoline and corporate income taxes.

## **NEXT YEAR'S BUDGET**

For the year ending June 30, 2021, the School will provide educational services for grades six through ten. For the year ending June 30, 2021, the School's original combined budget shows the combined governmental funds revenue to be \$3,874,148. Budgeted combined governmental fund expenditures are expected to be \$3,413,334. If the estimates for the budget are realized, the School's combined governmental funds are expected to increase for the year ending June 30, 2021. Due to uncertainties surrounding the COVID-19 pandemic, the School may have to make further revisions to the budget for unanticipated expenditures.

## **CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1080 La Baron Drive, Miami Springs, FL 33166.

**ACADEMY FOR INTERNATIONAL EDUCATION  
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2020**

		<u>Governmental Activities</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	388,568
Prepaid expenses		150
Inventory		2,656
Grants and other receivables		12,506
Capital Assets:		
Leasehold improvements	\$ 247,306	
Furniture and equipment	265,181	
Construction in progress	<u>31,558</u>	
Total capital assets	544,045	
Less accumulated depreciation and amortization	<u>(12,877)</u>	
Total capital assets, net		<u>531,168</u>
Total assets		<u><u>\$ 935,048</u></u>
<b>LIABILITIES</b>		
Salaries payable and other accrued expenses	\$	187,607
Due to Lower School		141,090
Noncurrent liability:		
Due in more than one year:		
Loan - Paycheck Protection Program		<u>290,499</u>
Total liabilities		<u>619,196</u>
<b>NET POSITION</b>		
Net investment in capital assets		531,168
Unrestricted		<u>(215,316)</u>
Total net position		<u>315,852</u>
Total liabilities and net position		<u><u>\$ 935,048</u></u>

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

**ACADEMY FOR INTERNATIONAL EDUCATION  
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
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**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2020**

	Program Revenues				Net (Expense) Revenue and Changes in Net position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instruction	\$ 1,391,344	\$ -	\$ 219,568	\$ -	\$ (1,171,776)	\$ (1,171,776)
Student support services	99,662	-	-	-	(99,662)	(99,662)
Instruction-related technology	22,996	-	1,800	-	(21,196)	(21,196)
Professional development	7,586	-	-	-	(7,586)	(7,586)
Board	36,058	-	-	-	(36,058)	(36,058)
General administration	250,502	-	-	-	(250,502)	(250,502)
School administration	430,843	-	9,357	-	(421,486)	(421,486)
Fiscal services	19,361	-	-	-	(19,361)	(19,361)
Central services	15,274	-	-	-	(15,274)	(15,274)
Operation and maintenance of plant	317,861	-	-	-	(317,861)	(317,861)
<b>Total governmental activities</b>	<b>\$ 2,591,487</b>	<b>\$ -</b>	<b>\$ 230,725</b>	<b>\$ -</b>	<b>(2,360,762)</b>	<b>(2,360,762)</b>
			General revenues:			
			State sources		2,577,213	2,577,213
			Contributions and other revenue		98,762	98,762
			Total general revenues		<u>2,675,975</u>	<u>2,675,975</u>
			Change in net position		315,213	315,213
			Net position at beginning of year		<u>639</u>	<u>639</u>
			Net position at end of year		<u>\$ 315,852</u>	<u>\$ 315,852</u>

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

**ACADEMY FOR INTERNATIONAL EDUCATION  
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**JUNE 30, 2020**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 388,568
Prepaid expenses	150
Inventory	2,656
Grants and other receivables	<u>12,506</u>
 Total assets	 <u><u>\$ 403,880</u></u>
<b>LIABILITIES AND FUND BALANCE</b>	
Salaries payable and other accrued expenses	\$ 187,607
Due to Lower School	<u>141,090</u>
 Total liabilities	 <u>328,697</u>
Fund balance:	
Nonspendable	2,806
Unassigned	<u>72,377</u>
 Total fund balance	 <u>75,183</u>
 Total liabilities and fund balance	 <u><u>\$ 403,880</u></u>

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

**ACADEMY FOR INTERNATIONAL EDUCATION  
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE  
STATEMENT OF NET POSITION**

**JUNE 30, 2020**

**Total fund balance – governmental fund** **\$ 75,183**

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 as assets in the governmental funds.

The cost of capital assets is:	\$ 544,045	
Related accumulated depreciation and amortization is:	<u>(12,877)</u>	
Total capital assets, net		531,168

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:

Loan - Paycheck Protection Program	<u>(290,499)</u>
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**Total net position – governmental activities** **\$ 315,852**

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

**ACADEMY FOR INTERNATIONAL EDUCATION  
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
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**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Special Revenue Funds	Total Governmental Funds
<b>REVENUES</b>			
Federal through state – grant	\$ -	\$ 230,725	\$ 230,725
State sources	2,577,213	-	2,577,213
Contributions and other revenue	98,762	-	98,762
Total revenues	2,675,975	230,725	2,906,700
<b>EXPENDITURES</b>			
Current:			
Instruction	1,360,375	20,667	1,381,042
Student support services	99,662	-	99,662
Instruction-related technology	21,196	1,800	22,996
Professional development	7,586	-	7,586
Board	36,058	-	36,058
General administration	250,502	-	250,502
School administration	428,268	-	428,268
Fiscal services	19,361	-	19,361
Central services	15,274	-	15,274
Operation and maintenance of plant	317,861	-	317,861
Capital outlay	335,787	208,258	544,045
Total expenditures	2,891,930	230,725	3,122,655
Excess (deficiency) of revenues over (under) expenditures	(215,955)	-	(215,955)
Other financing sources			
Loan - Paycheck Protection Program	290,499	-	290,499
Total other financing sources	290,499	-	290,499
Net changes in fund balances	74,544	-	74,544
Fund balance at beginning of year	639	-	639
Fund balance at end of year	\$ 75,183	\$ -	\$ 75,183

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



**ACADEMY FOR INTERNATIONAL EDUCATION  
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2020**

**Net changes in fund balances – total governmental funds** **\$ 74,544**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities the cost of capital acquisitions are allocated over their estimated useful lives and reported as depreciation and amortization expense.

The amount by which capital outlays exceeds depreciation and amortization is calculated as follows:

Capital outlays	\$	544,045	
Depreciation and amortization		<u>(12,877)</u>	
			531,168

The issuance of noncurrent debt provides current financial resources to governmental funds. This amount represents the current year additions to noncurrent debt. (290,499)

**Change in net position of governmental activities** **\$ 315,213**

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

**ACADEMY FOR INTERNATIONAL EDUCATION  
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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

**Organization**

Academy for International Education Upper Charter School for Science and Technology (the "School") is operated by Miami-Dade Foundation for Educational Innovation, Inc. (MDFEI), a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of no less than three and no more than nine members. The school year 2019-2020 was the School's first year of operations. The accompanying financial statements present the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2020, and the respective changes in financial position thereof for the year then ended, and not the financial statements of MDFEI.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School Board of Miami-Dade County, Florida (the "School Board"). The current charter is effective until June 30, 2034, and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is sponsored by the School Board and is considered to be a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School follows generally accepted accounting principles applicable to state and local governmental units.

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

**Recent accounting pronouncements**

The School has adopted guidance issued by the GASB that established fund balance classifications that comprise a hierarchy based primarily on the extent to which an entity is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This guidance improves the usefulness of fund balance information by clarifying the definitions of existing governmental fund types and providing additional classifications of fund balance.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 (Continued)**

**Basis of presentation**

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. These statements report all activities of the School and its component units, and do not include fiduciary funds. Any internal interfund activity has been eliminated from these financial statements. The statement of net position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include capital grants specific to capital outlay and charges to recipients for goods and services associated with programs. Other revenue sources not properly included with program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

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**JUNE 30, 2020 (Continued)**

Governmental Funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Capital Projects Fund – to account for the financial resources accumulated that are restricted for capital outlays. For the year ended June 30, 2020, no such activity occurred.
- Special Revenue Fund – to account for the proceeds of specific revenue sources restricted by law or administrative action to expenditure for specific purposes.
- Debt Service Fund – to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. For the year ended June 30, 2020, no such activity occurred.

For purposes of these statements, the general fund constitutes the major fund and the special revenue fund is considered non-major.

**Basis of accounting**

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

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

**Use of estimates**

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and balance sheet - governmental funds, and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 (Continued)**

**Budgetary basis accounting**

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

**Deposits and investments**

The School maintains its cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, MDFEI is entitled to aggregate coverage of \$250,000. MDFEI had deposits with custodial credit risk exposure in excess of FDIC coverage totaling approximately \$1,037,000.

The School has not formally adopted an investment policy regarding custodial credit risk; however, Management of the School believes the stability and financial strength of the financial institution significantly reduces the custodial credit risk.

**Inventories**

Inventories consist of expendable unused books and instructional materials held by the School, which are carried at cost using the first-in, first-out method and using the consumption method.

**Capital assets, depreciation and amortization**

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Capital assets reflected on the statement of net position are reported at cost, or at the acquisition value of the assets if received via a gift, and net of accumulated depreciation and amortization. For purposes of recording capital assets, the School has a capitalization threshold of \$1,000. Certain bulk capital asset purchases with individual assets that are less than \$1,000 may also be capitalized depending on materiality.

The School considers that capital assets are used primarily by the instructional and school administration function and has derived an allocation percentage of 80% and 20%, respectively, for such functions. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Leasehold improvements	4 – 15
Furniture, fixtures and equipment	4 – 10

The estimated useful life of leasehold improvements is the lesser of the asset's respective useful life or the remaining term of the lease.

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**JUNE 30, 2020 (Continued)**

**Income taxes**

Miami-Dade Foundation for Educational Innovation, Inc. ("MDFEI") is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. MDFEI has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. MDFEI assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that MDFEI believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service ("IRS") or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the School's financial statements, as MDFEI believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same "more likely than not" measurement threshold.

**Revenue sources**

Revenues for current operations are received primarily from the School Board of Miami-Dade County, Florida pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education ("FDOE") by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the Florida Education Finance Program ("FEFP"). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. This administrative fee is calculated on the FEFP revenue up to 250 students. The administrative fee charged by the School Board during the year ended June 30, 2020, was \$84,182

Revenues received from the School Board of Miami-Dade County, Florida are recognized when considered earned, which is generally in the month the moneys are received.

The School may receive federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For 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.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 (Continued)**

**Net Position and Fund Balance Classifications**

***Government-wide financial statements***

Net position is classified and displayed in three components:

1. Net investment in capital assets – consists of capital assets net of accumulated depreciation and amortization and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
2. Restricted net position – consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. Management believes there are no restrictions on net position.
3. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

***Fund Financial Statements***

Generally accepted accounting principles define the different types of fund balances that a governmental entity must use for financial reporting purposes. Fund balance amounts are to be properly reported within one of the fund balance categories listed below:

1. Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans, and notes receivable, and property held for sale (unless the proceeds are restricted committed or assigned). All nonspendable fund balances at year end relate to assets not in spendable form.
2. Restricted – fund balance associated with amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2020, the School did not have any restricted fund balances.
3. Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. At June 30, 2020, the School did not have any committed fund balances.
4. Assigned – fund balance classification includes amounts intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2020, the School did not have assigned fund balances.
5. Unassigned – fund balance classification is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 (Continued)**

**Fund balance spending policy**

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, and then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the School's board of directors. There are no minimum fund balance requirements for any of the School's funds.

**Deferred outflows/inflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has no items that meet this criterion. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has no items that meet this criterion.

**Interfund Activity**

From time to time, the School may have interfund activity. This activity is eliminated in the government wide financial statements.



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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 (Continued)**

**NOTE – 2 CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Leasehold improvements	\$ -	\$ 247,306	\$ -	\$ 247,306
Furniture and equipment	-	265,181	-	265,181
Construction in progress	-	31,558	-	31,558
Total capital assets	<u>-</u>	<u>544,045</u>	<u>-</u>	<u>544,045</u>
Less accumulated depreciation and amortization				
Leasehold improvements	-	(997)	-	(997)
Furniture and equipment	<u>-</u>	<u>(11,880)</u>	<u>-</u>	<u>(11,880)</u>
Total accumulated depreciation and amortization	<u>-</u>	<u>(12,877)</u>	<u>-</u>	<u>(12,877)</u>
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 531,168</u>	<u>\$ -</u>	<u>\$ 531,168</u>

Depreciation and amortization expense were charged to functions as follows:

Governmental activities:	
Instruction	\$ 10,302
School administration	<u>2,575</u>
Total depreciation and amortization	<u>\$ 12,877</u>

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 (Continued)**

**NOTE – 3      NONCURRENT LIABILITIES**

Loan – Paycheck Protection Program

In April 2020, the School received a Paycheck Protection Program loan. The loan is guaranteed by the Small Business Administration (SBA). The School expects the loan to be 100% forgiven and that it will not have to pay any interest on the loan based on submitting a loan forgiveness application demonstrating that it incurred eligible expenses during the “loan forgiveness covered period”, as defined by the SBA. The School has an option to elect an eight or 24-week period for the loan forgiveness covered period beginning on the date the loan was disbursed. The School must submit to its lender a loan forgiveness application within 10 months after the end of its loan forgiveness covered period. By doing so, the School will not have to make any payments of principal or interest on the loan before the date on which the SBA remits the loan forgiveness amount on the loan to the lender (or notifies the lender that no loan forgiveness is allowed) and the date the School is notified by the lender that the first payment is due. Interest continues to accrue during the deferment period. If the School does not submit to its lender a loan forgiveness application within 10 months after the end of its loan forgiveness covered period, it must begin paying principal and interest after the 10-month period subsequent to the loan forgiveness covered period. Interest on the loan is at 1% and the loan is due in full in April 2022. The School is currently in the process of completing the loan forgiveness application.

The following summarizes the activity for the noncurrent liabilities during the year ended June 30, 2020:

	<u>Loan – Paycheck Protection Program</u>	<u>Total</u>
Balance outstanding at beginning of year	\$ -	\$ -
Additions	290,499	290,499
Reductions	<u>-</u>	<u>-</u>
Balance outstanding at end of year	<u>\$ 290,499</u>	<u>\$ 290,499</u>
Amount due within one year	<u>\$ -</u>	<u>\$ -</u>

All expenditures for debt service pertaining to noncurrent liabilities are paid out of the debt service fund. The general fund transfers to the debt service fund the required amounts necessary to fund the debt service expenditures.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 (Continued)**

The following table summarizes the School's future debt service as of June 30, 2020:

Year ending June 30,	
2021	\$ -
2022	<u>290,499</u>
Total	<u><u>\$ 290,499</u></u>

The School does not expect to incur any interest expense in connection with the noncurrent liabilities.

**NOTE – 4 STATE AND PROGRAM REVENUES**

The following is a schedule of state revenue sources for the year ended June 30, 2020:

Florida Education Finance Program	\$ 1,904,182
Class size reduction	345,363
Supplemental academic instruction	126,453
ESE guaranteed allocation	98,217
Instructional materials / textbooks	28,056
Safe schools	36,306
Other	<u>38,636</u>
Total	<u><u>\$ 2,577,213</u></u>

The following is a schedule of program revenues which offset expenses reported on the statement of activities for the year ended June 30, 2020:

Program Revenues:	
Federal Grants	<u><u>\$ 230,725</u></u>

These program revenues offset the given functions as they are directly connected with those respective functions.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 (Continued)**

**NOTE – 5 RISK MANAGEMENT PROGRAM**

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property insurance coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settlement amounts have historically not exceeded insurance coverage. In addition, for the year ended June 30, 2020, there were no reductions in insurance coverage from those in the prior year.

**NOTE – 6 TRANSACTIONS WITH THE LOWER SCHOOL**

For the year ended June 30, 2020, the School received funding from Academy for International Education (the "Lower School"). The Lower School is an affiliated school that is also operated by MDFEI and shares the facility and certain educational and administrative costs with the School, including rent and certain personnel. The allocation of expenses between the School and the Lower School is based on use of space and effort calculations as determined by the management of both schools.

During the year, the School obtained a grant from the Lower School for \$90,000 and also was advanced funds for operating cash flow. As of June 30, 2020, the School owed approximately \$141,000 to the Lower School for such advances.

**NOTE – 7 COMMITMENTS AND CONTINGENT LIABILITIES**

The School receives a majority of its funding from the School Board under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School from time to time may participate in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of Management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures, which may be disallowed by federal or state grantor agencies, would not be material to the financial position of the School.

**Legal matters**

In the normal course of conducting its operations, the School may become party to legal actions and proceedings. In the opinion of Management, the ultimate resolution of such legal matters, if any, will not have a significant adverse effect on the accompanying financial statements.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 (Continued)**

**Lease commitments**

MDFEI leases the School's facilities, inclusive of all classrooms, parking and ancillary spaces, located in Miami Springs, Florida from the School Board. The lease has been amended to extend the term through June 30, 2034. MDFEI's obligation under the lease is the proportionate share of the facility's operating expenses. Pursuant to the lease agreement, the amount of the operating expense is adjusted to the preceding year's reported actual cost per square foot for these services. For the year ended June 30, 2020, MDFEI's lease payment obligation was based on the base operating expenses for a recent period as calculated time to time by the School Board. The lease payment obligation is split between the School and the Lower School (see Note 6).

The School's total expense related MDFEI's lease with the School Board during the year ended June 30, 2020, was approximately \$95,000 and is included in the accompanying financial statements under the caption operation and maintenance of plant.

The School has two leases for modular classroom equipment it is using. The leases are currently on a month to month basis. The monthly payments are \$3,400 and \$4,523, respectively for each lease. For the year ended June 30, 2020, the total expense related to the modular classroom equipment leases was approximately \$93,000 and is included in the accompanying financial statements under the caption operation and maintenance of plant.

The following is a schedule of estimated noncancelable future minimum lease payments as of June 30, 2020:

Year ending June 30,	
2021	\$ 257,532
2022	257,532
2023	257,532
2024	257,532
2025	257,532
2026 - 2030	1,287,660
2031 - 2034	<u>1,030,128</u>
Total	<u><u>\$ 3,605,448</u></u>

The above amounts reflected for the lease with the School Board are based on current calculated operating cost amounts based on square footage currently being occupied by MDFEI. The School is allocated a portion of MDFI's lease costs, which is currently 50% based on the number of classrooms occupied by the School. The remaining lease costs are allocated to the Lower School.

MDFEI subleases a portion of the School's facility to an after-school program on a month to month basis. The lease is cancellable upon notice. The total revenue related to this sublease allocated to the School in fiscal 2020 was approximately \$6,000 and is included in the accompanying financial statements under the caption of contributions and other revenue.

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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2020 (Continued)**

**NOTE – 8      MANAGEMENT AGREEMENT**

The School has a management agreement ("Agreement") with the School Board to provide management and administration services to the School. The management fee under the Agreement is \$440 per K-8 full-time equivalent student up to 400 students, and \$110 for each student thereafter. For the year ended June 30, 2020, management fees totaled approximately \$166,320 and are included in the accompanying financial statements under the caption of general administration expense/expenditure. The Agreement is in effect through June 30, 2034.

**NOTE – 9      DEFINED CONTRIBUTION PLAN**

The School's employees are eligible to participate in a 401(k) Profit Sharing Plan ("the Plan"), which was made available by the School's payroll provider. The Plan is considered a Defined Contribution Plan and is available to employees that meet certain eligibility criteria. The name of the Plan is Miami-Dade Foundation 401(k) Profit Sharing Plan & Trust. For the year ended June 30, 2020, the School did not contribute to the Plan.

**NOTE – 10    COVID-19**

As a result of the COVID-19 pandemic, the School began the 2020-2021 school year using distance learning. The School's enrollment has not been impacted as a result of COVID-19, however, there may be additional expenditures associated with the School's distance learning platform that may be incurred for the 2020-2021 school year. Management of the School is unable to determine the duration and extent of the financial impact that COVID-19 will have on the School.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>GAAP Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>REVENUES</b>				
Federal through state – grant	\$ 107,900	\$ 230,811	\$ -	\$ (230,811)
State sources	2,481,980	2,576,292	2,577,213	921
Contributions and other revenue	<u>15,000</u>	<u>98,691</u>	<u>98,762</u>	<u>71</u>
Total revenues	<u>2,604,880</u>	<u>2,905,794</u>	<u>2,675,975</u>	<u>(229,819)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	1,530,788	1,629,864	1,360,375	269,489
Student support services	130,735	99,243	99,662	(419)
Instruction-related technology	19,300	22,996	21,196	1,800
Professional development	7,200	9,030	7,586	1,444
Board	25,500	34,978	36,058	(1,080)
General administration	249,840	250,547	250,502	45
School administration	273,231	480,598	428,268	52,330
Facilities acquisition and construction	-	258,108	-	258,108
Fiscal services	36,823	17,603	19,361	(1,758)
Central services	-	14,752	15,274	(522)
Pupil transportation	8,500	-	-	-
Operation and maintenance of plant	276,006	352,954	317,861	35,093
Maintenance of plant	31,000	-	-	-
Capital outlay	-	-	<u>335,787</u>	<u>(335,787)</u>
Total expenditures	<u>2,588,923</u>	<u>3,170,673</u>	<u>2,891,930</u>	<u>278,743</u>
Excess of revenues over expenditures	15,957	(264,879)	(215,955)	48,924
Other financing sources				
Loan - Paycheck Protection Program	-	<u>290,499</u>	<u>290,499</u>	-
Total other financing sources	<u>-</u>	<u>290,499</u>	<u>290,499</u>	<u>-</u>
Net changes in fund balance	<u>\$ 15,957</u>	<u>\$ 25,620</u>	74,544	<u>\$ 48,924</u>
Fund balance at beginning of year			<u>639</u>	
Fund balance at end of year			<u>\$ 75,183</u>	

See report of independent auditors and notes to budgetary comparison schedule.

**ACADEMY FOR INTERNATIONAL EDUCATION  
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY  
A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)**

**FOR THE YEAR ENDED JUNE 30, 2020**

**NOTES TO BUDGETARY COMPARISON SCHEDULE**

The School's budgets presented in the accompanying budgetary comparison schedule are annually adopted and prepared using the modified accrual basis of accounting. Amendments to the School's budgets can only be made with the approval of the board of directors.

For the budget, the School does not use a capital outlay function, instead, the School will budget the capital outlay expenditures using budgetary functions. Under generally accepted accounting principles in the United States of America (GAAP), actual capital outlay expenditures are to be reported separately, which may result in variances in the budgetary comparison schedule if the budgetary functions include capital outlay expenditures. The budget categories are generally consistent with GAAP except for capital outlay.



# **Sotolongo & Associates, P.A.**

## **Certified Public Accountants**

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### **Report of Independent Auditors 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 of  
Academy for International Education  
Upper Charter School for Science and Technology  
Miami Springs, Florida

We have audited, in accordance with the 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, the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Academy for International Education Upper Charter School for Science and Technology (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 10, 2020.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

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 School'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 financial statements. 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.

*Sotolongo & Associates, P.A.*

Miami, Florida  
September 10, 2020

ADDITIONAL INFORMATION REQUIRED BY  
RULES OF THE FLORIDA AUDITOR GENERAL,  
CHAPTER 10.850, *AUDITS OF CHARTER SCHOOLS AND SIMILAR  
ENTITIES, THE FLORIDA VIRTUAL SCHOOL, AND VIRTUAL  
INSTRUCTION PROGRAM PROVIDERS*

# **Sotolongo & Associates, P.A.**

## **Certified Public Accountants**

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To the Board of Directors of  
Academy for International Education  
Upper Charter School for Science and Technology  
Miami Springs, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Academy for International Education Upper Charter School for Science and Technology, a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2020, and have issued our report thereon dated September 10, 2020.

### **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 Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated, September 10, 2020, 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. The year ended June 30, 2020, was the School's first year of operations, so there was no preceding annual financial report.

### **Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the School is Academy for International Education Upper Charter School for Science and Technology. The name of the not-for-profit entity that operates the School is Miami-Dade Foundation for Educational Innovation, Inc. The school code assigned to the school is 13-6093.

### **Financial Condition and Management**

Section 10.854(1)(e)2. and 10.855(11) Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not the Academy for International Education Upper Charter School for Science and Technology has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met.

In connection with our audit, we determined that the Academy for International Education Upper Charter School for Science and Technology 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 Academy for International Education Upper Charter School for Science and Technology. It is management's responsibility to monitor the Academy for International Education Upper Charter School for Science and Technology'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. We performed the financial condition assessment procedures for the year ended June 30, 2020, which included calculation and analysis of certain financial indicators we considered relevant to the School. No deteriorating financial condition was noted as a result of this assessment.

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 Academy for International Education Upper Charter School for Science and Technology maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Academy for International Education Upper Charter School for Science and Technology 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 have 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, the Board of Directors, applicable 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.

A handwritten signature in blue ink that reads "Sotolongo & Associates, P.A." The signature is written in a cursive, flowing style.

Miami, Florida  
September 10, 2020