

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
BROWARD COUNTY
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2020

L. Brown and Company, P.A.
Certified Public Accountants and Consultants

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**ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
BROWARD COUNTY
FOR THE YEAR ENDED JUNE 30, 2020**

GENERAL INFORMATION

**BOARD OF DIRECTORS
2019 – 2020**

Ms. Carol Gardner, Chair
Dr. Shirley Johnson
Mr. Darren Smith

SCHOOL ADMINISTRATION

Mr. Wayne Neunie, Principal

NAME AND ADDRESS OF SCHOOL LOCATION

Alpha International Academy, Inc., 121 South 24th Avenue, Hollywood, Fl. 33020

GENERAL INFORMATION

TOTAL SCHOOL ENROLLMENT

Alpha International Academy, Inc. had full time equivalent students enrollment of 80 students in fiscal year 2019-2020.

L. BROWN AND COMPANY, P.A.
Certified Public Accountants and Consultants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Alpha International Academy, Inc.
Broward County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Alpha International Academy, Inc. (the "School"), a non-major component unit of the District School Board of Broward County, which comprise the statement of financial position as of June 30, 2020, the related statements of activities and cash flows 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 provisions of Chapter 10.850, Charter Schools Audits, issued by the Auditor General of the State of Florida. 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

Board of Directors
September 14, 2020

Auditor's Responsibility (Continued)

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 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 School, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

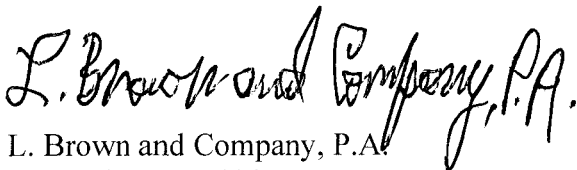
Other Matters

The basic financial statements, referred to in the first paragraph, were prepared for the purpose of complying with Part IV of the Charter School contract between the District School Board of Broward County and Alpha International Academy, Inc. These financial statements were prepared to present the financial position and changes in net position of Alpha International Academy, Inc. and is not intended to be a complete presentation of the financial position and changes in net position of the District School Board of Broward County.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2020, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis (MD&A) on pages five through ten and the schedules of revenues, expenditures and changes in fund balance – budget to actual are not a required part of the basic financial statements but are supplementary information required by *Government Auditing Standards*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.


L. Brown and Company, P.A.
September 14, 2020

**ALPHA INTERNATIONAL ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

The corporate officers of Alpha International Academy, Inc. (the School) have prepared this narrative overview and analysis of the financial activities for the year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

Some highlights for the year ended June 30, 2020 were as follows:

2020 –

- * The School received \$592,941 in FTE funds from the District School Board of Broward County in fiscal year ended June 30, 2020.
- * Total assets of the School were \$137,722 in fiscal year 2020.
- *At June 30, 2020, assets of the School exceeded it liabilities by \$4,699.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2020 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to the private sector business.

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

The *Statement of Activities* presents information on how the School's net position changed during the fiscal years. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9-10 of this report.

**ALPHA INTERNATIONAL ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School’s budget.

The basic governmental fund financial statements can be found on pages 11 – 14 of this report.

Notes to 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 15 – 21 of this report.

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school’s financial position. In the case of the School, assets exceeded liabilities by approximately \$4,699 at the close of fiscal year 2020. A summary of the School’s net assets for the fiscal year 2020 follows:

ALPHA INTERNATIONAL ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2020</u>
Cash	\$ 88,540
Grants receivable	19,179
Furniture, fixtures and equipment, net	15,622
Unamortized cost, net	3,257
Other assets	<u>11,124</u>
Total Assets	<u>\$ 137,722</u>
Accounts payable & accrued liabilities	\$ 44,766
Other liabilities	<u>88,257</u>
Total Liabilities	<u>\$ 133,023</u>
Net investment in capital assets	\$ 18,879
Unrestricted net position	<u>(14,180)</u>
Total Net Position	<u>\$ 4,699</u>

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2020:

	<u>2020</u>
REVENUES:	
County funding	\$ 592,941
Operating grant	80,924
Charges for services	2,893
Capital outlay	50,691
Miscellaneous income	<u>45,013</u>
TOTAL REVENUES	<u>\$ 772,462</u>
EXPENDITURES:	
Instruction	\$ 356,362
Pupil Personnel Services	25,329
General administration	19,412
School administration	119,829
Food services	49,137
Pupil transportation services	34,420
Operation of plant	163,669
Maintenance of Plant	6,980
Fiscal services	29,647
Information services	3,650
Unallocated Depreciation and amortization	<u>10,744</u>
TOTAL EXPENDITURES	<u>\$ 819,179</u>
CHANGE IN NET POSITION	(52,217)
NET POSITION AT BEGINNING	<u>56,916</u>
NET POSITION AT END	<u>\$ 4,699</u>

**ALPHA INTERNATIONAL ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Lease of Facility

The School leased facilities, during fiscal year 2020, in Broward County, Florida. The facilities consist of 6,000 square feet. The buildings have capacity for up to 6 classrooms to house the School's students. The facilities are fully accessible to individuals with disabilities in compliance with the Americans with Disabilities Act, Section 504 of the Rehabilitative Act of 1973, and other applicable state/federal laws.

School Locations

Alpha International Academy, Inc., 121 South 24th Avenue, Hollywood, Fl. 33020.

Capital Improvement Requirements

The activities undertaken by the School during 2020 allow it to operate in the immediate future without the need for additional substantial capital improvements for it to service its existing client base.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unreserved fund balance* may serve as useful measure of a government's net resources available for spending at the end of the fiscal years

Capital Assets

The School's investments in capital assets as of June 30, 2020 amounted to \$18,879 (net of accumulated depreciation), respectively. This investment in capital assets includes furniture, fixtures, computer equipment, and unamortized cost.

**ALPHA INTERNATIONAL ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

GENERAL FUND BUDGET ANALYSIS AND 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 years 2020 are presented on Page 22.

Variances reported in the budget to actual comparison for fiscal year 2020 resulted primarily from the following:

2020 -

1. Full time equivalent revenue was lower than budgeted by \$106,326 because enrollment was lower than budgeted.
2. Instruction expenditures exceeded the budget by \$40,144 because a new software was purchased for testing.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Carol Gardner at (305) 775-2181.

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF NET POSITION
June 30, 2020

	2020 Total
ASSETS	
Cash at bank	\$ 88,540
Grant receivable	19,179
Furniture and equipment, net	15,622
Unamortized cost	3,257
Other assets	11,124
TOTAL ASSETS	\$ <u>137,722</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable & accrued liabilities	\$ 44,766
Note payable (Note 2)	88,257
TOTAL LIABILITIES	<u>133,023</u>
COMMITMENTS AND CONTINGENCIES	
NET POSITION	
Net Investment in capital assets	18,879
Unrestricted net position	(14,180)
TOTAL NET POSITION	<u>\$4,699</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>137,722</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR UNIT OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

FUNCTIONS COMPONENT UNIT ACTIVITIES	PROGRAM REVENUE				2020 NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL OUTLAY	
Instruction	\$356,362	\$2,893	\$44,523	-	(\$308,946)
Pupil Personnel Services	25,329	-	-	-	(25,329)
General Administration	19,412	-	-	-	(19,412)
School Administration	119,829	-	-	-	(119,829)
Food Services	49,137	-	36,401	-	(12,736)
Pupil Transportation Services	34,420	-	-	-	(34,420)
Operation of Plant	163,669	-	-	50,691	112,978
Maintenance of Plant	6,980	-	-	-	(6,980)
Fiscal Services	29,647	-	-	-	(29,647)
Information Services	3,650	-	-	-	(3,650)
Unallocated Depreciation and amortization	10,744	-	-	-	(10,744)
Total Component Unit Activities	\$819,179	\$2,893	\$80,924	\$50,691	(\$458,715)

GENERAL REVENUES:

Government grants not restricted to specific programs	\$592,941
Fundraising and other revenue	39,513
Total General Revenue	<u>632,454</u>
CHANGE IN NET POSITION	(52,217)
NET POSITION AT BEGINNING	<u>56,916</u>
NET POSITION AT END	<u>\$4,699</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2020

	General	Special Revenue	2020 Total
ASSETS			
Cash at bank	\$ 283	\$ 88,257	\$ 88,540
Grant receivable	19,179	-	19,179
Other assets	11,124	-	11,124
TOTAL ASSETS	<u>\$ 30,586</u>	<u>\$ 88,257</u>	<u>\$ 118,843</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable & accrued liabilities	\$ 44,766	\$ -	\$ 44,766
TOTAL LIABILITIES	<u>44,766</u>	<u>-</u>	<u>44,766</u>
FUND BALANCE			
Unassigned	<u>(14,180)</u>	<u>88,257</u>	<u>74,077</u>
TOTAL FUND BALANCE	<u>(14,180)</u>	<u>88,257</u>	<u>74,077</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 30,586</u>	<u>\$ 88,257</u>	<u>\$ 118,843</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ALPHA INTERNATIONAL ACADEMY
NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	2020	
Total Fund Balance - Governmental Fund	74,077	
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets of \$68,236, net of accumulated depreciation of \$52,614 used in governmental activities are not financial resources and therefore are not reported in the fund and unamortized cost of \$5,428, net of accumulated amortization of \$2,171 used in governmental activities are not financial resources and therefore are not presented in the fund.	18,879	
Note payable in governmental activities are not due and payable in the current period and, therefore, is not reported in the governmental funds	(88,257)	
Total Net Position - Government Activities	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: right;">4,699</td> </tr> </table>	4,699
4,699		

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR UNIT OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	2020 TOTAL
REVENUES:			
County Funding	\$592,941	-	\$592,941
Operating grant	44,523	36,401	80,924
Capital outlay	-	50,691	50,691
Charges for services	2,893	-	2,893
Miscellaneous income	39,513	-	39,513
Total Revenues	679,870	87,092	766,962
EXPENDITURES:			
Instruction	356,362	-	356,362
Pupil Personnel Services	25,329	-	25,329
General Administration	19,412	-	19,412
School Administration	119,829	-	119,829
Food Services	12,736	36,401	49,137
Pupil Transportation Services	34,420	-	34,420
Operation of Plant	112,978	50,691	163,669
Maintenance of Plant	6,980	-	6,980
Fiscal Services	29,647	-	29,647
Information Services	3,650	-	3,650
Total Component Unit Activities	721,343	87,092	808,435
Excess (Deficiency) of Revenues Over Expenditures	(41,473)	-	(41,473)
Other Financing Sources (Uses):			
Proceeds from Payroll Protection Program	-	88,257	88,257
Transfers In	-	-	-
Transfers (Out)	-	-	-
Total Other Financing Sources (Uses)	-	88,257	88,257
Net Change in Fund Balances	(41,473)	88,257	46,784
Fund Balance at Beginning of Year	27,293	-	27,293
Fund Balance at End of Year	(\$14,180)	88,257	\$74,077

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**ALPHA INTERNATIONAL ACADEMY, INC.
NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	2020
Change in Fund Balance - Governmental Fund	(\$41,473)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	(10,743)
Change in Net Position of Governmental Activities	<u>(\$52,216)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Organization

Alpha International Academy, Inc.. (the “School”), incorporated in the State of Florida, pursuant to Section 228.056 of the Florida Statutes, on July 17, 2003. The School was established as a charter school for children from kindergarten through fifth grade. The School operates under a charter of the District School Board of Broward County, Florida, and is considered a non-major component unit of such board. The School is funded by Broward School system and, in addition, receives government grants. The governing board of the Charter School is a four-member Board of Directors.

The general operating authority of the School is contained in Section 228.056, Florida Statutes. The current contract is effective until June 30, 2022 and may be renewed in increments of 5 to 15 years by mutual agreement between the Charter School and the District. During the term of the contract, the Sponsor may also terminate the contract, any property and improvements, furnishings, and equipment purchased with public funds and any unencumbered public funds shall revert back to the Sponsor.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

Government-wide Financial Statements. The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. 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: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements: General Fund is the School's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund. Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of the charter school capital outlay funding.

Additionally, the School is required to report any fiduciary fund type: Agency Funds Agency funds account for assets held by the School in a custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency fund is a School Activities Fund. It accounts for monies collected and spent resulting from student activities at the School site level such as music, clubs and other similar fundraising activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Alpha International Academy, Inc. (the "School") are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) Codification of Accounting and Financial Reporting Guidelines. The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 "Accounting and Financial Reporting for Non-Exchange Transactions". On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

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 outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

Budgetary Basis Accounting

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

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less. The School's cash consists of demand deposits with financial institutions which are insured by Federal depository insurance.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Other Assets

Other assets consist mainly of security deposits for utilities.

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets, Depreciation and Amortization

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The School generally capitalizes assets with cost of \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, Fixtures and Equipment	7 Years
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Long-term Debt

In the government-wide financial statements, outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Financing costs are reported as expenditures. At June 30, 2020, the School had a fixed rate 1% forgivable loan (Payroll Protection Program) of \$88,257 with maturity date of 24 months after the disbursement date.

Revenue

Revenues for operations will be received primarily from Broward County District School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 228.056 (13), Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 236.081, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (DOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the school may receive an annual allocation of Public Education Capital Outlay funds for capital and other projects.

Finally, the School may also receive Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and

**ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (continued)

approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended.

GASB Statement 34

In June 1999, the Governmental Accounting Standards Boards (GASB) issued Statement 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.” This Statement establishes financial reporting requirements for state and local governments throughout the United States. When implemented, it requires new information and restructure much of the information that governments have presented in the past. The School implemented this standard in the fiscal year ended June 30, 2014.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles of the United States of America requires management to make estimates and assumptions that affect the report amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

Income Taxes

Alpha International Academy, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is provided for in the accompanying financial statements.

NOTE 3 – CHANGES IN CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, for the year ended June 30, 2020 for Alpha International Academy, Inc.:

	Balance 07/01/2019	Additions	Retirements	Balance 06/30/2020
Capital Assets				
Furniture, Fixtures, & Equipment	\$ 68,236	\$ -	\$ -	\$68,236
Unamortized cost	5,428	-	-	5,428
Less Accumulated Depreciation	42,956	9,658	-	52,614
Accumulated amortization	<u>1,085</u>	<u>1,086</u>	<u>-</u>	<u>2,171</u>
Capital Assets, Net	<u>\$ 29,623</u>	<u>\$ 10,744</u>	<u>\$ -0-</u>	<u>\$18,879</u>

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – CHANGES IN CAPITAL ASSETS (continued)

Depreciation expense for Alpha International Academy, Inc., for the year ended June 30, 2020 was \$9,658.

NOTE 4 – RELATED PARTIES TRANSACTIONS
School Board of Broward County (the Sponsor)

Pursuant to the School's contract with the Sponsor, the Sponsor is paid a management fee of 5% of the qualifying revenues of the School. During the year ended June 30, 2020, Alpha International Academy, Inc. paid \$29,647 to the Sponsor for management fees.

Pursuant to the School's contract with the Sponsor, the School receives from the Sponsor an FTE fee for each full-time student enrolled. The fee is based upon various teaching requirements of each student enrolled. The number of FTE (full time equivalent students) enrolled for the fiscal year ended June 30, 2020 for Alpha International Academy, Inc. was 80.

NOTE 5 - OPERATING LEASE OBLIGATIONS

The School leases from Faith and Life Fellowship Ministries commencing July 1, 2013. Rent expense charged to operations and paid out of the capital outlay funds, from the School Board, amounted to \$112,500 for the year ended June 30, 2020.

NOTE 6 – COMMITMENTS

The costs and unexpended funds reflected in the accompanying financial statements relating to government funding are subject to audit by the respective grantors. The possible disallowance by the funding source of any item charged to the program or request for return of any unexpended funds cannot be determined at this time. No provision for any liability is necessary at year-end, June 30, 2020 and none has been made in the special purpose financial statements.

NOTE 7 – CONCENTRATION OF CREDIT RISK

Alpha International Academy, Inc. maintains cash accounts at a federally insured financial institution in Broward County, Florida. The balances, at times, may exceed federally insured limits. At June 30, 2020, the School had no cash on deposit exceeding the insured limit.

**ALPHA INTERNATIONAL ACADEMY, INC.
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 8 - COMPENSATED ABSENCES

Employees of the School are entitled to paid vacation and sick days depending on length of service. The School's policy is to recognize the cost of vacation days when earned by the employees. The current policy of the School is the vacation days not used during the calendar year are forfeited. The value of unused vacation days was determined to be immaterial and therefore no accrual has been made.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Alpha International Academy, Inc. financial assets that are readily available within one year of June 30, 2020 to meet general expenditures include:

	<u>2020</u>
Cash	\$88,540
Accounts receivable	24,679
Security deposits	<u>9,000</u>
Total Financial assets	<u>\$122,219</u>

Alpha International Academy, Inc. structures its financial assets to manage liquidity in a manner to meet its future expenditures.

NOTE 10 – SUBSEQUENT EVENTS

Alpha International Academy, Inc. did not have any other subsequent events through September 14, 2020, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2020.

NOTE 11 – CONTINGENCIES AND CONCENTRATIONS

Alpha International Academy, Inc. receives substantially all of its funding from the District 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 different 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 receives various federal, state, and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, 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 grantor agencies would not be material to the financial position of the School.

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF BROWARD COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	GOVERNMENTAL FUND		
	Final Budget	Actual	Variance FAV/(UNFAV)
REVENUES:			
Federal through State Funding	97,940	80,924	(17,016)
County Funding	699,267	592,941	(106,326)
Capital Outlay	55,405	50,691	(4,714)
Miscellaneous Income	46,395	39,513	(6,882)
Charges for services	-	2,893	2,893
Total Revenue	899,007	766,962	(132,045)
EXPENDITURES:			
Instruction	396,506	356,362	40,144
Pupil Personnel Services	-	25,329	(25,329)
Instructional support services	8,000	-	8,000
Board	7,000	-	7,000
General Administration	28,661	19,412	9,249
School Administration	133,658	119,829	13,829
Food Services	55,856	49,137	6,719
Central Services	39,919	-	39,919
Fiscal Services	7,000	29,647	(22,647)
Pupil Transportation Services	40,500	34,420	6,080
Operation of Plant	193,000	163,669	29,331
Maintenance of Plant	6,500	6,980	(480)
Information Services	8,400	3,650	4,750
Total Expenditures	925,000	808,435	116,565
Excess (Deficiencies) of Expenditures and Financing			
Sources Over Revenues	(25,993)	(41,473)	15,480
Other Financing Sources:			
Proceeds from Payroll Protection Program	-	88,257	(88,257)
Net Change in Fund Balance	-	46,784	(88,257)
Fund Balance at Beginning of Year	-	27,293	27,293
NET CHANGE IN FUND BALANCE	(25,993)	74,077	(100,070)

ALPHA INTERNATIONAL ACADEMY, INC.
A NON-MAJOR COMPONENT UNIT OF THE DISTRICT SCHOOL BOARD OF
BROWARD COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A.

The Charter School formally adopted budgets for the year ended June 30, 2020. 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.

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 C.

The budget is adopted using the same basis of accounting on which the financial statements are prepared except for a 5% administrative charge for the 1st 250 students, that is retained by the School Board of Miami-Dade County.

L. BROWN AND COMPANY, P.A.
Certified Public Accountants and Consultants

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE
BASED ON AN AUDIT OF SPECIAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Alpha International Academy, Inc.
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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alpha International Academy, Inc., (the "School") (a nonprofit organization) and a component unit of the District School board of Broward County as of June 30, 2020 and for the year then ended 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 28, 2020.

Compliance

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 *significant deficiency* is a deficiency, or 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. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in

relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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 noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Purpose of this Report

This report is intended solely for the information and use of the School's Board of Directors, Broward County Commission, District School Board of Broward county, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



L. Brown and Company, P.A.
September 14, 2020

L. BROWN AND COMPANY, P.A.
Certified Public Accountants and Consultants

4281 W. McNab Road, Suite #18 ◆◆◆ Pompano Beach, Florida 33069
Telephone (803) 747-2960 Member American and Florida Institutes of Certified Public Accountants lbrown49@gmail.com

To the Board of Directors of Alpha International Academy, Inc., Florida

Report on the Financial Statements

We have audited the financial statements of the Alpha International Academy, Inc., Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 28, 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

Other Reporting Requirements

We have issued our Independent Auditor's 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 and schedule, which are dated September 28, 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.

There were no findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that 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 and the school code assigned by the Florida Department of Education of the entity are Alpha International Academy, Inc., (5421).

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 Alpha International Academy, Inc. 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 Alpha International Academy, Inc. 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 Alpha International Academy, Inc. It is management's responsibility to monitor the Alpha International Academy, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and 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 Alpha International Academy, Inc. 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 Alpha International Academy, Inc. 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, the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.



L. Brown and Company, P.A.

Pompano Beach, Florida

September 14, 2020