



Miami Children's Museum Charter School, Inc.  
WL# 4000  
Miami, Florida

Financial Statements and  
Independent Auditor's Report

June 30, 2020

## TABLE OF CONTENTS

General Information . . . . .	1
Independent Auditor’s Report. . . . .	2-3
Management’s Discussion and Analysis (Required Supplementary Information) . . . . .	4-8
<b>Basic Financial Statements:</b>	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position. . . . .	9
Statement of Activities. . . . .	10
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds. . . . .	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position. . . . .	12
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds. . . . .	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities. . . . .	14
Statement of Net Position – Fiduciary Funds. . . . .	15
Notes to the Basic Financial Statements . . . . .	16-27
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedules. . . . .	28-29
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> . . . . .	30-31
Management Letter . . . . .	32-34

Miami Children's Museum Charter School, Inc.  
W/L# 4000

980 MacArthur Causeway  
Miami, FL 33132

2019-2020

BOARD OF DIRECTORS

Rene Ruiz, Director, Chair and President  
Gary Reshefsky, Director, Secretary  
Christopher Corey, Director, Treasurer  
Scott Leeds, Director  
Betty Nunez, Director

SCHOOL ADMINISTRATION

Cristina Carmona, Principal



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Miami Children's Museum Charter School, Inc.  
Miami, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami Children's Museum Charter School, Inc. (the "School"), 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 of America. 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.

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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami Children's Museum Charter School, Inc., 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.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 28 through 29 to 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 14, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2020

**Management's Discussion and Analysis**  
Miami Children's Museum Charter School, Inc.  
June 30, 2020

The corporate officers of The Miami Children's Museum Charter School, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2020.

**Financial Highlights**

1. The net position of the School at June 30, 2020 was \$2,603,004.
2. At year-end, the School had current assets on hand of \$1,996,919.
3. The School had an increase in its net position of \$45,986 for the year ended June 30, 2020.
4. The unassigned fund balance at year end was \$1,475,083.

**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 required supplementary information in addition to the basic financial statements themselves.

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 a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference is reported as *net position*. Over time increases or decreases in net position 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 year. 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.

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. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental 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 - 15 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 16 - 27 of this report.

**GOVERNMENT-WIDE 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 \$2,603,004 at the close of the fiscal year. A summary of the School's net position as of June 30, 2020 and 2019 follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 308,716	43,501
Investments	1,609,000	1,467,000
Due from other agencies	29,203	27,247
Prepaid expenses and other assets	50,000	68,019
Capital assets, net	314,630	299,279
Long term prepaid expenses	<u>750,000</u>	<u>800,000</u>
<b>Total Assets</b>	<u>3,061,549</u>	<u>2,705,046</u>
<b>Deferred outflows of resources</b>	-	-
Accounts payable	59,360	31,376
Salaries and wages payable	141,685	116,652
Note payable to financial institution under Paycheck Protection Program	<u>257,500</u>	<u>-</u>
<b>Total Liabilities</b>	<u>458,545</u>	<u>148,028</u>
<b>Deferred inflows of resources</b>	-	-
<b>Net Position:</b>		
Net investment in capital assets and long term asset	1,064,630	1,099,279
Restricted	270,791	-
Unrestricted	<u>1,267,583</u>	<u>1,457,739</u>
<b>Total Net Position</b>	<u>\$ 2,603,004</u>	<u>\$ 2,557,018</u>

At the end of each fiscal year, the School is able to report positive balances in its net position. A summary and analysis of the School's revenues and expenses for the years ended June 30, 2020 and 2019 follows:

<b>REVENUES</b>	<u>2020</u>	<u>2019</u>
Program Revenues		
Operating Grants and Contributions	\$ 40,979	\$ 53,748
Capital Outlay Funding	161,371	159,044
Charges for services	21,285	26,391
General Revenues		
Local Sources (FTE and other non specific)	2,442,080	2,189,874
Other Revenues	45,216	58,952
<b>Total Revenues</b>	<u>\$ 2,710,931</u>	<u>\$ 2,488,009</u>
 <b>EXPENSES</b>		
Governmental Activities:		
Instruction	\$ 1,535,588	\$ 1,339,456
Student support services	65,184	-
Instructional staff training	1,778	5,930
Board	14,290	13,561
School administration	354,404	396,522
Facilities acquisition	8,997	11,153
Fiscal services	45,075	44,025
Food services	55,476	60,244
Central services	51,821	65,996
Operation of plant	495,012	408,474
Maintenance of plant	37,320	89,535
<b>Total Expenses</b>	<u>2,664,945</u>	<u>2,434,896</u>
Increase in Net Position	45,986	53,113
Net Position at Beginning of Year	<u>2,557,018</u>	<u>2,503,905</u>
Net Position at End of Year	<u>\$ 2,603,004</u>	<u>\$ 2,557,018</u>

Miami Children's Museum School's revenues and expenses increased by \$222,922 and \$230,049, as a result of increase in student enrollment. In addition, the School had an increase in its net position of \$45,986 for the year.

### **Facility**

The School entered into license agreement for use of facility located at 980 MacArthur Causeway, Miami, Florida 33132.

### **Capital Improvement Requirements**

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.



## **Accomplishments**

In 2020, The Miami Children's Museum Charter School completed its 15<sup>th</sup> year of operation, enrolling 300 students in grades K-5.

Due to the COVID-19 pandemic, the Florida Department of Education suspended state-mandated assessments for the 2020 school year. However, data from school-based internal assessments reflects that students made significant learning gains.

The Miami Children's Museum Charter School (MCMCS) is the only charter school in Florida (and one of only two schools in the entire nation) developed in partnership with a children's museum. It provides an optimal learning environment that encourages a child's natural curiosity to learn and explore while giving students access to the Miami Children's Museum programming and special events. The School's curriculum is enhanced with unique learning experiences based on the museum exhibits and themes. Frequent visits to the exhibit galleries immerse students in kid-sized interactive experiences and provide authentic opportunities to work with visiting visual and performance artists that promote academic achievement.

## **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, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$1,475,083. The fund balance unassigned and available for spending at the School's discretion is 1,475,083. These funds will be available for the School's future ongoing operations.

### **Capital Assets**

The School's investment in capital assets as of June 30, 2020 amounts to \$314,630 (net of accumulated depreciation). This investment in capital assets includes building and improvements, audiovisual and software, furniture, fixtures, computer equipment and textbooks. The School had no long term debt related to its capital assets as of June 30, 2020.

## Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	Governmental Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
State capital outlay funding	\$ 160,000	\$ 160,000	\$ 161,371
Federal sources	43,800	43,600	40,979
Charges for services - NSLP program	7,113	29,334	21,285
General Revenues			
FTE nonspecific revenues	2,352,054	2,440,000	2,442,080
Other revenue	-	45,000	45,216
Total Revenues	<u>2,562,967</u>	<u>2,717,934</u>	<u>2,710,931</u>
<b>CURRENT EXPENDITURES</b>			
Governmental Activities			
Instruction	1,491,160	1,477,406	1,475,409
Student support services	73,240	69,626	65,184
Instructional staff training	13,500	2,500	1,778
Board	13,500	15,500	14,290
School administration	309,167	355,458	348,204
Fiscal services	45,300	45,075	45,075
Food services	43,800	64,434	55,476
Central services	52,800	52,800	51,821
Operation of plant	413,165	430,111	427,843
Maintenance of plant	2,000	37,000	35,905
Total Current Expenditures	<u>\$ 2,457,632</u>	<u>\$ 2,549,910</u>	<u>\$ 2,520,985</u>

Most variances occurred as a result of the budget adopted being more conservative than actual results for the year.

### Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC 6340 Sunset Drive, Miami, Florida 33143.

Miami Children's Museum Charter School, Inc.

Statement of Net Position

June 30, 2020

	Primary Government Governmental Activities
<b><u>Assets</u></b>	
Current assets:	
Cash	\$ 308,716
Investments	1,609,000
Due from other agencies	29,203
Prepaid expenses and other assets	<u>50,000</u>
	1,996,919
Capital assets, non-depreciable	20,974
Capital assets, depreciable	851,985
Less: accumulated depreciation	<u>(558,329)</u>
	314,630
Long term prepaid expense	<u>750,000</u>
Total Assets	<u>3,061,549</u>
<b><u>Deferred Outflows of Resources</u></b>	
	<u>-</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	59,360
Salaries and wages payable	141,685
Note payable, current portion	<u>85,416</u>
	286,461
Note payable to financial institution under Paycheck Protection Program	<u>172,084</u>
Total Liabilities	458,545
<b><u>Deferred Inflows of Resources</u></b>	
	<u>-</u>
<b><u>Net Position</u></b>	
Net investment in capital assets and long term asset	1,064,630
Restricted	270,791
Unrestricted	<u>1,267,583</u>
Total Net Position	<u>\$ 2,603,004</u>

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

Miami Children's Museum Charter School, Inc.

Statement of Activities  
For the year ended June 30, 2020

Primary Government	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 1,535,588	\$ -	\$ 8,081	\$ -	\$ (1,527,507)
Student support services	65,184	-	-	-	(65,184)
Instructional staff training	1,778	-	-	-	(1,778)
Board	14,290	-	-	-	(14,290)
School administration	354,404	-	-	-	(354,404)
Facilities acquisition	8,997	-	-	-	(8,997)
Fiscal services	45,075	-	-	-	(45,075)
Food services	55,476	21,285	32,898	-	(1,293)
Central services	51,821	-	-	-	(51,821)
Operation of plant	495,012	-	-	161,371	(333,641)
Maintenance of plant	37,320	-	-	-	(37,320)
<b>Total governmental activities</b>	<b>2,664,945</b>	<b>21,285</b>	<b>40,979</b>	<b>161,371</b>	<b>(2,441,310)</b>
<b>General revenues:</b>					
FTE and other nonspecific revenues					\$ 2,442,080
Interest and other revenue					45,216
Change in net position					45,986
Net position, beginning					2,557,018
Net position, ending					\$ 2,603,004

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

Miami Children's Museum Charter School, Inc.

Balance Sheet - Governmental Funds

June 30, 2020

	General Fund	Special Revenue fund	Capital Projects Fund (Non-major)	Total Governmental Funds
<b><u>Assets</u></b>				
Cash	\$ 37,925	\$ 270,791	\$ -	\$ 308,716
Investments	1,609,000	-	-	1,609,000
Due from other agencies	9,028	8,081	12,094	29,203
Due from other funds	20,175	-	-	20,175
Total Assets	<u>1,676,128</u>	<u>278,872</u>	<u>12,094</u>	<u>1,967,094</u>
<b><u>Deferred Outflows of Resources</u></b>				
	-	-	-	-
<b><u>Liabilities</u></b>				
Salaries and wages payable	141,685	-	-	141,685
Accounts payable	59,360	-	-	59,360
Due to other funds	-	8,081	12,094	20,175
Total Liabilities	<u>201,045</u>	<u>8,081</u>	<u>12,094</u>	<u>221,220</u>
<b><u>Deferred Inflows of Resources</u></b>				
	-	-	-	-
<b><u>Fund balance</u></b>				
Restricted	-	270,791	-	270,791
Unassigned	1,475,083	-	-	1,475,083
	<u>1,475,083</u>	<u>270,791</u>	<u>-</u>	<u>1,745,874</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,676,128</u>	<u>\$ 278,872</u>	<u>\$ 12,094</u>	<u>\$ 1,967,094</u>

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

Miami Children's Museum Charter School, Inc.

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2020

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Total Fund Balance - Governmental Funds \$ 1,745,874

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

Capital assets of \$872,959 net of accumulated depreciation of \$558,329 used in governmental activities are not financial resources and therefore are not reported in the fund. 314,630

Long term prepaid expenses in governmental activities are not financial resources and therefore are not reported in the governmental funds. 800,000

Long term liabilities are not due and payable in the current period and, therefore, is not reported in the governmental funds. (257,500)

Total Net Position - Governmental Activities \$ 2,603,004

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

Miami Children's Museum Charter School, Inc.

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the year ended June 30, 2020

	General Fund	Special Revenue fund	Capital Projects Fund (Non-major)	Total Governmental Funds
<b>Revenues:</b>				
State capital outlay funding	\$ -	\$ -	\$ 161,371	\$ 161,371
State passed through local	2,442,080	-	-	2,442,080
Federal sources	-	40,979	-	40,979
Charges for services and other revenue	45,216	21,285	-	66,501
<b>Total Revenues</b>	<b>2,487,296</b>	<b>62,264</b>	<b>161,371</b>	<b>2,710,931</b>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	1,467,328	8,081	-	1,475,409
Student support services	65,184	-	-	65,184
Instructional staff training	1,778	-	-	1,778
Board	14,290	-	-	14,290
School administration	348,204	-	-	348,204
Fiscal services	45,075	-	-	45,075
Food services	-	55,476	-	55,476
Central services	51,821	-	-	51,821
Operation of plant	266,472	-	161,371	427,843
Maintenance of plant	35,905	-	-	35,905
<b>Capital Outlay:</b>				
Other capital outlay	109,311	-	-	109,311
<b>Total Expenditures</b>	<b>2,405,368</b>	<b>63,557</b>	<b>161,371</b>	<b>2,630,296</b>
Excess of revenues over expenditures	81,928	(1,293)	-	80,635
<b>Other financing sources (uses)</b>				
Proceeds from long term debt	-	257,500	-	257,500
Transfers in (out)	-	-	-	-
Net change in fund balance	81,928	256,207	-	338,135
Fund Balance at beginning of year	1,393,155	14,584	-	1,407,739
Fund Balance at end of year	\$ 1,475,083	\$ 270,791	\$ -	\$ 1,745,874

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

Miami Children's Museum Charter School, Inc.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2020

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Net Change in Fund Balance - Governmental Funds \$ 338,135

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. This is the amount by which capital outlays of \$109,311 exceeded depreciation expense of \$93,960 15,351

Increase in long term prepaid expenses is an expenditure in the governmental funds, but a decrease or amortization of such prepaid expenses reduces long-term assets in the statement of net position. This is the amount by which payments of \$0 differed from expense amortization of \$50,000 in the current period. (50,000)

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the long term funds, but the repayment reduces long term liabilities in the statement of net position. This is the amount by which repayment of \$0 exceeded proceeds of \$257,500. \$ (257,500)

Change in Net Position of Governmental Activities \$ 45,986

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



Miami Children's Museum Charter School, Inc.

Statement of Net Position - Fiduciary Funds

June 30, 2020

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	<u>Agency Fund School's Internal Fund</u>
<b><u>Assets</u></b>	
Cash	\$ 13,836
Total Assets	<u>13,836</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>
<b><u>Liabilities</u></b>	
Due to students and clubs	<u>13,836</u>
Total Liabilities	<u>13,836</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>
<b><u>Net Position</u></b>	<u>\$ -</u>

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

## **Note 1 – Summary of Significant Accounting Policies**

### Reporting Entity

The Miami Children's Museum Charter School, Inc., (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The Miami Children's Museum Charter School, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of the School which is composed of five members. The board of directors has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expires on June 30, 2023. It can be renewed for additional terms in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Miami, Florida for students from kindergarten through fifth grade. These financial statements are for the year ended June 30, 2020, when on average 300 students were enrolled during the school year.

### Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

### 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 about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. 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, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other miscellaneous sources.

**Note 1 – Summary of Significant Accounting Policies (continued)**

These statements also do not include fiduciary funds.

*Fund Financial Statements*

Fund financial statements are provided for governmental and fiduciary funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds with all other non-major funds aggregated in a single column:

*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 revenues, such as federal lunch program and other grants and financing sources that are legally restricted to expenditures for particular purposes.

Additionally, the School reports separately the following fiduciary fund types:

*Agency Fund* – accounts for resources of the School's Internal Fund, which is used to administer monies collected at the schools in connection with school, student athletics, class, and club activities.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full 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.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

“Available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 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.

Charges for services and fees are recognized when cash is collected as amounts are not measurable. 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.

Fiduciary Funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Inter-fund Transfers

Inter-fund receivables/payables (“due to/from” other funds) are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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.

In addition to liabilities, the statement of financial 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 an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Prepaid Expenses

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School has adopted GASB Codification Section 3100 *Fair Value Measurement and Application* (see Note 2).

Capital Assets

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 position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$1,000 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 sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the governmentwide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	20 Years
Furniture, Equipment and audiovisual	5 Years
Software	3 Years

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, 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 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the 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

**Note 1 – Summary of Significant Accounting Policies (continued)**

School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Finally, the School also receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years. The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

## **Note 1 – Summary of Significant Accounting Policies (continued)**

### Net Position and Fund Balance Classifications

#### *Government-wide financial statements*

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets and long term asset - consists of capital assets net of accumulated depreciation and long term asset and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) 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.
- c) Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets and long term asset."

When both restricted and unrestricted resources are available for a specific purpose, it is the School's policy to use restricted resources first, until exhausted, before using unrestricted resources.

#### *Fund financial statements*

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

- a) Nonspendable - includes amounts that cannot be spent because they are either not expected to be converted to cash or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- b) Restricted - this classification includes fund balance category amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted fund balances are related to the lunch program and to unused funds received under the Paycheck Protection Program.
- c) 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. There are no committed fund balances at year end.
- d) Assigned - fund balance classification that is 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. There are no assigned fund balances at year end.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

### **Note 1 – Summary of Significant Accounting Policies (continued)**

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

#### Income Taxes

Miami Children's Museum Charter School, Inc. , qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

#### Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 14, 2020, which is the date the financial statements were available to be issued.

#### Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of position. In the fund financial statements, government fund types report the face amount of the debt issued as other financing sources. Principal payments and issuance costs are reported as debt service expenditures.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### **Note 2 – Cash and Investments**

#### Deposits

The School maintains its cash in two financial institutions. As of June 30, 2020, the School's deposits consisted of cash balances of \$286,515. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. As of June 30, 2020, the School had bank balances in excess of FDIC coverage of \$17,249, including fiduciary accounts.

#### Investments

The School categorizes its fair value measurements with the fair value hierarchy established by GASB Codification Section 3100 *Fair Value Measurement and Application*. . The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs



**Note 2 – Cash and Investments (continued)**

At June 30, 2020, the School has the following recurring fair value measurements:

- Government money market mutual fund of \$1,700,000 valued using Level 2 inputs.

The government money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2020, maturities of the fund's portfolio holdings are approximately 63% within 30 days.

Credit Risk

*Concentration of credit risk* is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's.

*Custodial credit risk* is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2020 all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

*Interest rate risk* is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

**Note 3 – Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2020:

	Balance 07/01/19	Additions	Retirements/ Reclassifications	Balance 06/30/20
Capital Assets:				
Non-depreciable				
Construction in progress	\$ -	\$ 20,974	\$ -	\$ 20,974
Depreciable:				
Building improvements	450,502	23,297	(6,562)	467,237
Furniture and equipment	569,176	56,011	(253,997)	371,190
Software and audio visual	18,645	9,029	(14,116)	13,558
Total Capital Assets	<u>1,038,323</u>	<u>109,311</u>	<u>(274,675)</u>	<u>872,959</u>
Less Accumulated Depreciation:				
Building improvements	(282,191)	(35,294)	6,562	(310,923)
Furniture and equipment	(439,958)	(58,039)	253,997	(244,000)
Software and audio visual	(16,895)	(627)	14,116	(3,406)
Total Accumulated Depreciation	<u>(739,044)</u>	<u>(93,960)</u>	<u>274,675</u>	<u>(558,329)</u>
Capital Assets, net	<u>\$ 299,279</u>	<u>\$ 15,351</u>	<u>\$ -</u>	<u>\$ 314,630</u>

For the fiscal year ended June 30, 2020, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$ 60,179
School administration	6,200
Facilities acquisition	8,997
Maintenance of plant	1,415
Operation of plant	17,169
Total Depreciation Expense	<u>\$ 93,960</u>

**Note 4 – Education Service and Support Provider**

Academica Dade, LLC, an education service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting and virtual education services.

The agreement calls for a fee on a per student basis. The current agreement is for a period of five years, through June 30, 2019, and has been extended through June 30, 2020. During the year ended June 30, 2020, the School incurred approximately \$135,225 in fees.

**Note 5 – Related Party Transactions**

Some of the School’s board members are also board members of Miami Children’s Museum, Inc., a separate not-for-profit organization. The School incurred \$337,971 in fees to the Miami Children’s Museum during 2020 for use of facilities and other services (See Note 6).

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% (2% for high performing Schools) of the qualifying revenues of the School. For the year ended June 30, 2020, administrative fees withheld by the School District totaled \$47,984.

**Note 6 – Commitments, Contingencies and Concentrations**

The School entered into a license agreement with Miami Children’s Museum, Inc. (the “Museum”) for use of its facilities and other services (see Note 5). The School shall pay to the Museum a daily admission fee per student entering and using the premises during the term of the agreement. The fee will increase on the anniversary date of the agreement based on the Consumer Price Index (CPI). The agreement continues for an initial term of ten years through June 30, 2026 with an option to renew for two additional terms of five years each.

Under terms of the license agreement, the School prepaid a facility fee of \$1,000,000 upon commencement of the installation of educational exhibits. The School amortizes the cost over the unexpired term of the agreement, including the School’s options to renew. If the Museum terminates the agreement during the unexpired term, the School shall be reimbursed for the unamortized portion of the prepaid facility fee. The current portion of prepaid usage fees of \$50,000 is included in prepaid expense. The following schedule provides a summary of changes in long-term prepaid usage fees during the year ended June 30, 2020:

	Balance 07/01/19	Additions	Amortization	Balance 06/30/20
	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ 750,000</u>
Prepaid Usage Fee	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ 750,000</u>

Future minimum payments under this agreement, based on current year student enrollment, are as follows:

<u>Year</u>	
2021	\$ 284,200
2022	\$ 284,200
2023	\$ 284,200
2024	\$ 284,200
2025	\$ 284,200
2026	\$ 284,200

**Note 6 – Commitments, Contingencies and Concentrations (Continued)**

Contingencies and Concentrations

The School receives substantially all of its funding from the State through 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 participates 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 grantor agencies would not be material to the financial position of the School.

On January 21, 2020 the Centers for Disease Control and Preventions (CDC) confirmed the first case of 2019 Novel Coronavirus (COVID-19) in the United States. Pursuant to local emergency orders, the School converted to distance learning on March 13, 2020 for the remainder of the school year. As a result of these extraordinary circumstances, the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, a \$2.2 trillion economic stimulus bill, was passed by the 116th U.S. Congress and signed into law in March 2020. The ongoing spread of the new COVID-19 has become a threat to the global economy and financial markets. As a result of the pandemic, the school will begin the 2020-2021 school year under distance learning. The ultimate effect of Covid-19 on the School and its future operations cannot presently be determined.

**Note 7 – Interfund Transfers**

Interfund transfers in governmental funds as of June 30, 2020 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund (non major)
Due to General Fund from Capital Projects Fund for Capital Outlay	\$ 12,094	\$ -	\$ (12,094)
Due to General Fund from Special Revenue Fund for Title IV	8,081	(8,081)	-
Total Due from/(Due to) Funds	<u>\$ 20,175</u>	<u>\$ (8,081)</u>	<u>\$ (12,094)</u>

**Note 8 – Defined Contribution Retirement Plan**

The School's personnel, who are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School provides a match of 100% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$19,635 for the year ended June 30, 2020. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by Voya Financial.

**Note 9 – Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School has entered into a strategic relationship with ADP TotalSource, Inc., a human resource management firm, typically known as “Professional Employer Organization” (PEO). Under a co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

**Note 10 – Long Term Debt**

Paycheck Protection Program Loan

On May 4, 2020, the School was granted a loan from a financial institution in the aggregate amount of \$257,500, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The loan, which was in the form of a note matures in two years and bears interest at a rate of 1.00% per annum, payable monthly commencing November 2020 with interest accruing during the initial deferral period. The Note may be prepaid at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. As of June 30, 2020, the School had not used the loan proceeds and were deposited and held in a separate bank account. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Future total debt service requirements related to the promissory note are as follows:

	Balance 07/01/19	Proceeds	Repayment	Balance 06/30/20
Note payable under PP Program	\$ -	\$ 257,500	\$ -	\$ 257,500
	<u>\$ -</u>	<u>\$ 257,500</u>	<u>\$ -</u>	<u>\$ 257,500</u>

Maturities on the note are as follows:

Year	Principal	Interest
2021	\$ 85,416	\$ 2,612
2022	\$ 172,084	\$ 933
	<u>\$ 257,500</u>	<u>\$ 3,545</u>

REQUIRED SUPPLEMENTARY INFORMATION

Miami Children's Museum Charter School, Inc.

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2020

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 2,352,054	\$ 2,440,000	\$ 2,442,080
Other revenue	-	45,000	45,216
Total Revenues	<u>2,352,054</u>	<u>2,485,000</u>	<u>2,487,296</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	1,484,047	1,468,906	1,467,328
Student support services	73,240	69,626	65,184
Instructional staff training	13,500	2,500	1,778
Board	13,500	15,500	14,290
School administration	309,167	355,458	348,204
Fiscal services	45,300	45,075	45,075
Central services	52,800	52,800	51,821
Operation of plant	253,165	270,111	266,472
Maintenance of plant	2,000	37,000	35,905
Total Current Expenditures	<u>2,246,719</u>	<u>2,316,976</u>	<u>2,296,057</u>
Excess of Revenues Over Current Expenditures	<u>105,335</u>	<u>168,024</u>	<u>191,239</u>
Capital Outlay	98,778	115,000	109,311
Total Expenditures	<u>2,345,497</u>	<u>2,431,976</u>	<u>2,405,368</u>
Excess of Revenues Over Expenditures	6,557	53,024	81,928
Other financing sources (uses):			
Transfers in (out)	-	-	-
Net change in fund balance	6,557	53,024	81,928
Fund Balance at beginning of year	<u>1,393,155</u>	<u>1,393,155</u>	<u>1,393,155</u>
Fund Balance at end of year	<u>\$ 1,399,712</u>	<u>\$ 1,446,179</u>	<u>\$ 1,475,083</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Miami Children's Museum Charter School, Inc.

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2020

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Federal sources	\$ 43,800	\$ 43,600	\$ 40,979
Charges for services - NSLP program	7,113	29,334	21,285
Total Revenues	50,913	72,934	62,264
<b>EXPENDITURES</b>			
Current:			
Instruction	7,113	8,500	8,081
Food services	43,800	64,434	55,476
Total Current Expenditures	50,913	72,934	63,557
Excess of Revenues Over Current Expenditures	-	-	(1,293)
Capital Outlay	-	-	-
Total Expenditures	50,913	72,934	63,557
Excess (deficit) of Revenues Over Expenditures	-	-	(1,293)
Other financing sources (uses)			
Proceeds from long term debt	-	257,500	257,500
Transfers in (out)	-	-	-
Net change in fund balance	-	257,500	256,207
Fund Balance at beginning of year	14,584	14,584	14,584
Fund Balance at end of year	\$ 14,584	\$ 272,084	\$ 270,791

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.





INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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Board of Directors of  
The Miami Children's Museum Charter School, Inc.  
Miami, 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 Miami Children's Museum Charter School, Inc. (the "School") 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 14, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 from 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*.

We issued a separate management letter dated September 14, 2020 pursuant to Chapter 10.850, Rules of the Auditor General.

## **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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2020



## MANAGEMENT LETTER

Board of Directors of  
Miami Children's Museum Charter School, Inc.  
Miami, Florida

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

We have audited the financial statements of Miami Children's Museum Charter School, Inc., Florida as of and for the fiscal year ended June 30, 2020 and have issued our report thereon dated September 14, 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 14, 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. Corrective actions have been taken to address 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 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 is: Miami Children's Museum Charter School, Inc. (W/L# 4000)

### **Financial Condition and Management**

Section 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 Miami Children's Museum Charter School, 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 Miami Children's Museum Charter School, 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 Miami Children's Museum Charter School, Inc.. It is management's responsibility to monitor Miami Children's Museum Charter School, Inc.' financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we did not have 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 Miami Children's Museum Charter School, 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 Miami Children's Museum Charter School, 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.

### **Status of Prior Year Recommendations:**

#### **ML – 19-01 CAPITAL ASSETS**

Criteria: The School is required to maintain an inventory of capital assets purchased with public funds in accordance with local, state or federal regulations

Condition: We noted that even through this inventory is maintained, the School does not have a formal process for reconciling the capital assets inventory report to the capital assets of the Schools trial balance.

Cause: The condition results from school personnel not consistently performing an inventory of all fixed assets and reconciling to the Schools trial balance.

Effect: Failure to perform the procedures mentioned above could result in a misstated Annual Property Inventory

Recommendation: We recommend that the School perform an annual inventory of all capital assets and reconcile to the capital asset ledgers recorded on the School's books.

Status: The School has adopted revised financial policies and procedures regarding capital assets to include a formal process of reconciling the capital asset inventory report to the School's trial balance.

**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, School Board of Miami-Dade County, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2020