

MIAMI COMMUNITY CHARTER SCHOOL, INC.

MIAMI, FLORIDA

(A CHARTER SCHOOL AND COMPONENT UNIT
OF THE SCHOOL BOARD OF MIAMI-DADE
COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORT AND
SUPPLEMENTAL INFORMATION

JUNE 30, 2020

MIAMI COMMUNITY CHARTER SCHOOL, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2020

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MIAMI COMMUNITY CHARTER SCHOOL, INC.

(A Charter School and Component Unit of the District School Board of Miami-Dade County)

101 SW Redland Road,
Florida City, FL 33034
(305) 245-2552

2019-2020

BOARD OF DIRECTORS

Ms. Ana Torres, Chair
Mr. Howard Murphy
Ms. Carmen Marinelli
Mr. Shawn Khosravi
Mr. William Presswood

SCHOOL ADMINISTRATION

Ms. Jila Rezaie, Executive Director
Ms. Maria Alba, Principal



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Miami Community Charter School, Inc.
Florida City, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of Miami Community Charter School, Inc. (the "School"), a charter school and a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and budgetary comparison information on pages 26 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 Community Charter School, Inc.

June 30, 2020

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

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to the financial statements, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

1. The assets of the School exceeded its liabilities at June 30, 2020 by \$1,135,429 and at year-end, had current assets of \$2,996,946.
2. The School had an increase in net position of \$581,907 during the current fiscal year of operations.
3. The School had an increase in fund balance during the fiscal year of \$979,940, and had a combined ending fund balance of \$2,600,819 at June 30, 2020.

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 plus deferred outflows of resources and liabilities plus 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 as soon as the underlying event resulting in the change 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 8-9 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.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 10-13 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 basic financial statements can be found on pages 14-25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2020 and 2019 follows:

Assets	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,601,280	\$ 304,693
Restricted investments	1,095,157	1,050,770
Due from other agencies	88,217	230,141
Due from other schools	191,147	213,659
Prepaid expenses and deposits	22,372	44,527
Capital assets, net	6,072,151	6,066,346
Total Assets	<u>\$ 9,070,324</u>	<u>\$ 7,910,136</u>
Liabilities and Position		
Accounts and wages payable and accrued liabilities	\$ 397,354	\$ 222,911
Long-term liabilities	7,537,541	7,133,703
Total Liabilities	<u>7,934,895</u>	<u>7,356,614</u>
Investment in capital assets, net of related debt	(921,280)	(1,067,357)
Restricted for debt service	1,095,157	1,050,770
Unrestricted	961,552	570,109
Total Net Position	<u>1,135,429</u>	<u>553,522</u>
Total Liabilities and Net Position	<u>\$ 9,070,324</u>	<u>\$ 7,910,136</u>

As of June 30, 2020, total assets consisted primarily of cash, restricted investments, and loan receivables from related parties. Total liabilities are comprised mainly of salaries and benefits payable, and bonds payable. The School's net position as of June 30, 2020 was \$1,135,429, which may be used to meet the School's ongoing obligations.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2020 and 2019 follows:

REVENUES	2020	2019
Program Revenues		
Federal lunch program	\$ 299,375	\$ 642,377
Federal through state and local	449,928	437,789
State capital outlay funding	335,441	322,601
Charges for services	-	1,118
General Revenues		
FEFP nonspecific revenue	4,186,844	4,072,654
Fundraising and other revenue	705,724	564,389
Total Revenues	\$ 5,977,312	\$ 6,040,928
EXPENSES		
Instruction	\$ 2,414,661	\$ 2,166,539
Instructional support services	48,232	79,480
Instruction and curriculum development	41,172	82,639
Instructional staff training services	4,110	5,701
Instructional related technology	56,508	51,889
School board	14,068	190,574
General administration	94,868	-
School administration	999,727	505,847
Facilities acquisition and construction	233,489	257,386
Fiscal services	64,368	124,138
Central services	-	2,076
Food services	323,592	771,658
Pupil transportation services	253,027	428,138
Operation of plant	314,493	431,299
Maintenance of plant	19,472	56,089
Community services	1,307	36,087
Interest expense	512,311	531,125
Depreciation expense	-	296,497
Total Expenses	\$ 5,395,405	\$ 6,017,162
Change in Net Position	581,907	23,766
Net Position at Beginning of Year	553,522	529,756
Net Position at End of Year	\$ 1,135,429	\$ 553,522

The largest revenue source for the School is from the State of Florida (76%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. FEFP utilizes student enrollment data to determine the funds available for the School. The School also received Federal funding (13%) for its participation in the National School Lunch program and Title I program. Instruction expense increased primarily due to an increase in Title I funding.

SCHOOL LOCATION

The School operates in at 101 SW Redland Road, Florida City, Florida 33034.

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, *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. At the end of the fiscal year, the School's governmental funds reported a combined ending fund balance of \$2,600,819 and an increase in fund balance of \$979,940 compared to prior year.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2020, amounts to \$6,072,151 (net of accumulated depreciation). This investment in capital assets includes land, buildings, leasehold improvements, fixtures, furniture and equipment, and assets under capital leases. The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

BOND PAYABLE

In October 2010, the School issued tax-exempt revenue bonds for \$7,000,000 (Series 2010A) and \$700,000 (Series 2010B) secured by a mortgage on the property and buildings. The bonds were issued to finance the acquisition, building improvements and the equipping of facilities.

Series 2010A bonds are term bonds paying interest semi-annually at a rate of 7% with maturities starting October 15, 2019 and ending October 15, 2040. Series 2010B bonds are term bonds paying interest semi-annually at a rate of 8% with maturities starting October 15, 2014 and ending October 15, 2019. The bonds have an outstanding balance of \$6,985,000 as of June 30, 2020.

NOTE PAYABLE

Miami Community Elementary Charter School, Inc., received loan proceeds of \$544,110 through the Paycheck Protection Program ("PPP"). The loan proceeds are to be used for payroll, rent, utilities, and interest expense. The loan matures on May 6, 2022 and bears annual interest at 1%. The loan is payable monthly with a deferral of payments for the first twelve months. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes as noted above.

BUDGETARY HIGHLIGHTS

The General Fund, Special Revenue, Capital Projects and Debt Service Fund budgets for the fiscal year ended June 30, 2020, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the School may revise its budgets. For the fiscal year ended June 30, 2020, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule on pages 26 to 29 for additional information.

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 the School.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,601,280
Restricted investments	1,095,157
Due from governmental agencies	88,217
Due from Miami Community Charter Middle School	138,993
Due from Miami Community Charter High School	52,154
Prepaid expenses	21,145
TOTAL CURRENT ASSETS	<u>2,996,946</u>
CAPITAL ASSETS, NET	
Land	1,665,717
Buildings	4,770,328
Less accumulated depreciation	(1,123,266)
Improvements other than buildings	974,323
Less accumulated depreciation	(628,118)
Construction in progress	250,000
Furniture, fixtures and equipment	579,942
Less accumulated depreciation	(454,175)
Assets under capital leases	136,000
Less accumulated depreciation	(98,600)
Total capital assets, net	<u>6,072,151</u>
Deposit receivable and other assets	1,227
TOTAL ASSETS	<u><u>\$ 9,070,324</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 155,321
Accrued wages payable	242,033
Bonds payable- current portion	135,000
Note payable - current portion	8,431
TOTAL CURRENT LIABILITIES	<u>540,785</u>
Bonds payable- long term portion	6,850,000
Note payable - long term portion	544,110
TOTAL LIABILITIES	<u>7,934,895</u>
NET POSITION	
Invested in capital assets, net of related debt	(921,280)
Restricted for debt service	1,095,157
Unrestricted	961,552
TOTAL NET POSITION	<u>1,135,429</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 9,070,324</u></u>

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

MIAMI COMMUNITY CHARTER SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 2,414,661	\$ -	449,928	\$ -	\$ (1,964,733)
Instructional support services	48,232	-	-	-	(48,232)
Instruction and curriculum development	41,172	-	-	-	(41,172)
Instructional staff training services	4,110	-	-	-	(4,110)
Instructional related technology	56,508	-	-	-	(56,508)
School board	14,068	-	-	-	(14,068)
General administration	94,868	-	-	-	(94,868)
School administration	999,727	-	-	-	(999,727)
Facilities acquisition and construction	233,489	-	-	335,441	101,952
Fiscal services	64,368	-	-	-	(64,368)
Food services	323,592	-	299,375	-	(24,217)
Pupil transportation services	253,027	-	-	-	(253,027)
Operation of plant	314,493	-	-	-	(314,493)
Maintenance of plant	19,472	-	-	-	(19,472)
Administrative technology services	1,307	-	-	-	(1,307)
Interest expense	512,311	-	-	-	(512,311)
Total Governmental Activities	\$ 5,395,405	\$ -	\$ 749,303	\$ 335,441	\$ (4,310,661)

GENERAL REVENUES:

Government grants not restricted to specific programs	4,186,844
Local and other revenue	705,724
Total general revenues	4,892,568
Change in Net Position	581,907
NET POSITION - BEGINNING	553,522
NET POSITION - ENDING	<u>\$ 1,135,429</u>

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

MIAMI COMMUNITY CHARTER SCHOOL, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,601,280	\$ -	\$ -	\$ 1,601,280
Restricted investments	-	1,095,157	-	1,095,157
Due from governmental agencies	60,632	-	27,585	88,217
Due from Miami Community Charter Middle School	138,993	-	-	138,993
Due from Miami Community Charter High School	52,154	-	-	52,154
Due from internal funds	27,585	-	-	27,585
Prepaid expenses and deposits	22,372	-	-	22,372
TOTAL ASSETS	\$ 1,903,016	\$ 1,095,157	\$ 27,585	\$ 3,025,758
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 155,321	\$ -	\$ -	\$ 155,321
Accrued wages payable	242,033	-	-	242,033
Due to internal funds	-	-	27,585	27,585
TOTAL LIABILITIES	397,354	-	27,585	424,939
FUND BALANCE				
Nonspendable				
Deposit receivable and other assets	22,372	-	-	22,372
Restricted	-	1,095,157	-	1,095,157
Unassigned	1,483,290	-	-	1,483,290
TOTAL FUND BALANCE	1,505,662	1,095,157	-	2,600,819
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,903,016	\$ 1,095,157	\$ 27,585	\$ 3,025,758

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

MIAMI COMMUNITY CHARTER SCHOOL, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2020

Total Fund Balance - Governmental Funds	\$ 2,600,819
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets	8,376,310
Accumulated depreciation	(2,304,159)

Long-term liabilities are not due and payable in the current period and therefore, are not reported as liabilities in the governmental funds.

Bond payable	(6,985,000)
Note payable	(552,541)

Total Net Position - Governmental Activities	<u>\$ 1,135,429</u>
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The accompanying notes are an integral part of this financial statement.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Fund	Debt Service Fund	Special Revenue Fund	Total Governmental Funds
REVENUES					
State passed through local	\$4,186,844	\$ -	\$ -	\$ -	\$ 4,186,844
State capital outlay	-	335,441	-	-	335,441
Federal passed through state and local	-	-	-	449,928	449,928
Federal lunch program	-	-	-	299,375	299,375
Other income	693,850	-	11,874	-	705,724
TOTAL REVENUES	4,880,694	335,441	11,874	749,303	5,977,312
EXPENDITURES					
Current:					
Instruction	1,662,976	-	-	449,928	2,112,904
Instructional support services	48,232	-	-	-	48,232
Instruction and curriculum development	41,172	-	-	-	41,172
Instructional staff training services	4,110	-	-	-	4,110
Instructional related technology	56,508	-	-	-	56,508
School board	14,068	-	-	-	14,068
General administration	94,868	-	-	-	94,868
School administration	999,727	-	-	-	999,727
Facilities acquisition and construction	148,048	85,441	-	-	233,489
Fiscal services	64,368	-	-	-	64,368
Food services	24,217	-	-	299,375	323,592
Pupil transportation services	253,027	-	-	-	253,027
Operation of plant	314,493	-	-	-	314,493
Maintenance of plant	19,472	-	-	-	19,472
Community services	1,307	-	-	-	1,307
Capital Outlay:					
Other capital outlay	57,562	250,000	-	-	307,562
Debt Service:					
Redemption of principal	10,272	-	130,000	-	140,272
Interest	-	-	512,311	-	512,311
TOTAL EXPENDITURES	3,814,427	335,441	642,311	749,303	5,541,482
Excess (deficiency) of revenues					
Over expenditures	1,066,267	-	(630,437)	-	435,830
OTHER FINANCING SOURCES (USES)					
Transfers in/(out)	(674,824)	-	674,824	-	-
Proceeds from long-term financing	544,110	-	-	-	544,110
Total other financing sources (uses)	(130,714)	-	674,824	-	544,110
Net change in fund balance	935,553	-	44,387	-	979,940
Fund balance at beginning of year	570,109	-	1,050,770	-	1,620,879
Fund balance at end of year	<u>\$ 1,505,662</u>	<u>\$ -</u>	<u>\$ 1,095,157</u>	<u>\$ -</u>	<u>\$ 2,600,819</u>

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

MIAMI COMMUNITY 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

Change in Fund Balance - Governmental Funds \$ 979,940

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.

Capital outlays	307,562
Depreciation expense	(301,757)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Repayments of principal	140,272
Proceeds from financing	(544,110)

Change in Net Position of Governmental Activities	\$ 581,907
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The accompanying notes are an integral part of this financial statement.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Miami Community Charter School, Inc. (the “School”) is a charter school sponsored by the School Board of Miami-Dade County, Florida (the “District”). The School’s charter is held by Miami Community Charter School, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors, which is comprised of six members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida. The current charter is effective until July 31, 2024, and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (GASB).

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.

Fund Financial Statements

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:

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

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

Debt Service Fund – used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Miami Community Charter School, Inc. (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 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.

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.

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

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Investments

Certain proceeds of the School’s revenue bonds, as well as resources set aside for their repayment, are classified as restricted assets on the statement of net position and the balance sheet-governmental funds because their use is limited by applicable bond covenants and they are maintained in separate bank accounts.

Fair Value Measurement

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Due from Governmental Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state, or other sources and from advances made to other governmental units.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs 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	5 Years
Leasehold improvements	10 Years
Building	30 Years

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for 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. The cash 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 benefit 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.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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(s), 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(s), and so will *not* be recognized as an inflow of resources (revenue) until then. The School does not have any items that qualify for reporting in this category.

Government-wide Fund Net Assets

Government-wide fund net assets are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2020 was a deficit of \$921,280.
- Restricted net position – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2020 was \$1,095,157.
- Unrestricted net position – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – 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). At June 30, 2020, the School had \$22,372 in nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2020, there is restricted fund balance of \$1,095,157.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. At June 30, 2020, there is no committed fund balance.
- Assigned – fund balance classifications are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2020, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

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 School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) 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. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP, under Section 1011.62, Florida Statutes, is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes.

For the fiscal year ended June 30, 2020, the School reported 532.04 unweighted FTE and 587.48 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

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

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Income Taxes

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Subsequent Events

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.

NOTE 3 – DEPOSITS POLICY AND CREDIT RISK

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

As of June 30, 2020, the carrying amount of the School's operating cash deposit accounts was \$1,601,280 and the bank balance totaled \$1,607,696.

NOTE 4 – RESTRICTED INVESTMENTS

The School has not adopted a written investment policy. Therefore, pursuant to Florida Statutes, the School is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

The School has adopted GASB No.79, *Certain External Investment Pools and Pool Participants*. The statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. All of the School's investments are carried at amortized cost of \$1,095,157, but fair value is reported in certain note disclosures as required by generally accepted accounting principles as noted below. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – RESTRICTED INVESTMENTS (Continued)

The School’s recurring fair value measurements as of June 30, 2020 are valued using quoted market prices (Level 1 and 2 inputs) and are reported as follows:

Assets	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
First American Government Obligations	\$ 597,580	\$ 597,580	\$ -	\$ -
Private Export Funding	497,577	-	497,577	-
	<u>\$1,095,157</u>	<u>\$ 597,580</u>	<u>\$ 497,577</u>	<u>\$ -</u>

Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

NOTE 5 – DUE FROM OTHER AGENCIES

The amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds mainly consists of amounts due from the Florida Department of Education funds for amounts due from the National School Lunch Program recorded in the Special Revenue Fund. These receivables are considered fully collectible and, as such, no allowance for uncollectible accounts is accrued.

NOTE 6 – DUE FROM RELATED PARTIES

The School reported receivables of \$138,993 and \$52,154 from the Miami Community Charter Middle School (MCM) and Miami Community Charter High School (MCH), respectively, related parties through common control, in its Statement of Net Position and Balance Sheet – Governmental Funds. This amount represents a temporary zero interest demand loan given to partially fund current operations of the MCM and MCH. The School expects to receive repayment of these loans within one year from the financial statement date. Terms of the repayment plans have not yet been established.

NOTE 7 – OBLIGATIONS UNDER FINANCED EQUIPMENT

The School financed a server with an asset value of \$28,653. A payment of \$8,431 was paid during the year and the balance was \$8,431 at June 30, 2020. The following schedule provides a summary of changes for the year ended June 30, 2020:

	Balance July 1, 2019	Borrowings	Repayments	Balance at June 30, 2020
Capital lease payable	\$ 18,703	\$ -	\$ 10,272	\$ 8,431

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 – OBLIGATIONS UNDER FINANCED EQUIPMENT (Continued)

Future maturities are as follows:

	<u>Year Ended June 30,</u>	
2021		\$ 8,431
		<u>\$ 8,431</u>

NOTE 8 – 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 July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets				
Land	\$ 1,665,717	\$ -	\$ -	\$ 1,665,717
Building	4,770,328	-	-	4,770,328
Improvements other than buildings	968,074	6,249	-	974,323
Construction in progress	-	250,000	-	250,000
Furniture, fixtures, and equipment	528,629	51,313	-	579,942
Assets under capital lease	136,000	-	-	136,000
Total capital assets	<u>\$ 8,068,748</u>	<u>\$ 307,562</u>	<u>\$ -</u>	<u>\$ 8,376,310</u>
Less accumulated depreciation				
Building	\$ (954,066)	\$ (169,200)	\$ -	\$ (1,123,266)
Improvements other than buildings	(553,490)	(74,628)	-	(628,118)
Furniture, fixtures and equipment	(409,846)	(44,329)	-	(454,175)
Assets under capital lease	(85,000)	(13,600)	-	(98,600)
Total accumulated depreciation	<u>\$(2,002,402)</u>	<u>\$ (301,757)</u>	<u>\$ -</u>	<u>\$(2,304,159)</u>
Capital assets, net	<u>\$ 6,066,346</u>	<u>\$ 5,805</u>	<u>\$ -</u>	<u>\$ 6,072,151</u>

Depreciation expense for the year ended June 30, 2020 was \$301,757, which was allocated to school administration.

NOTE 9 – BONDS PAYABLE

Bonds payable at June 30, 2020, are as follows:

<u>Bond Type</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>	<u>Maturity</u>
Revenue Bonds:			
Series 2010A	\$ 6,985,000	7%	2041
Series 2010B	-	8%	2019
Total Bond Payable	<u>\$ 6,985,000</u>		

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 –BONDS PAYABLE (Continued)

Revenue Bonds Series 2010A and 2010B – On October 1, 2010, the Miami Community Charter School, Inc. issued tax-exempt revenue bonds (Series 2010A) for \$7,000,000 and taxable revenue bonds (Series 2010B) for \$700,000 secured by a mortgage on the property and buildings. The bonds were issued to finance the acquisition, improvements, and equipping of facilities to be used as a nonprofit charter school educational facility.

Series 2010A bonds are term bonds paying interest semi-annually at a rate of 7% with maturities starting October 15, 2019, and ending October 15, 2040. Series 2010B bonds are term bonds paying interest semi-annually at a rate of 8% with maturities starting October 15, 2014, and ending October 15, 2019. These bonds were fully paid at June 30, 2020.

As required by the bond resolution, the Organization has established a sinking fund and reserve account included on these financial statements as restricted investments and has accumulated and maintained adequate resources in the sinking fund and reserve account.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2020, are as follows:

Fiscal Year Ending	Total	Principal	Interest
2021	\$ 619,225	\$ 135,000	\$ 484,225
2022	619,425	145,000	474,425
2023	623,750	160,000	463,750
2024	622,200	170,000	452,200
2025	619,950	180,000	439,950
2026-2030	3,111,700	1,130,000	1,981,700
2031-2035	3,104,375	1,595,000	1,509,375
2036-2040	3,105,875	2,265,000	840,875
2041	1,247,175	1,205,000	42,175
	\$ 13,673,675	\$ 6,985,000	\$ 6,688,675

The following schedule provides a summary of changes for the year ended June 30, 2020:

	Balance July 1, 2019	Borrowings	Repayments	Balance at June 30, 2020
Bond payable	\$ 7,115,000	\$ -	\$ 130,000	\$ 6,985,000

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10 – NOTE PAYABLE

Miami Community Elementary Charter School, Inc., received loan proceeds of \$544,110 through the Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, utilities, and interest expense. The loan matures on May 6, 2022 and bears annual interest at 1%. The loan is payable monthly with a deferral of payments for the first twelve months. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes as noted above. The note payable has been classified as long-term. Below is a summary of changes for the year ended June 30, 2020:

	Balance July 1, 2019	Borrowings	Repayments	Balance at June 30, 2020
Note payable	\$ -	544,110	-	\$ 544,110

Future maturities are as follows:

Year Ended June 30,	
2021	\$ -
2022	544,110
	<u>\$ 544,110</u>

NOTE 11 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2020, the School’s General Fund transferred \$674,824 to the Debt Service Fund to help finance the School’s principal and interest payments owed on long-term debt. These amounts of inter-fund receivables, payables, and transfers are netted together and not reported in the statement of net position and statement of activities.

NOTE 12 – FACILITY LEASE – RELATED PARTY

On October 1, 2010, Miami Community Charter School, Inc. issued \$7,700,000 of bonded debt to construct an educational facility on land owned by Miami Community Charter School, Inc. On October 1, 2010, a lease was executed by Miami Community Charter School, Inc., Miami Community Charter Middle School, Inc., and Miami Community Charter High School, Inc. to pledge FEFP revenue in proportionate amounts to pay the debt service on the bonded debt over a term commencing July 1, 2011 and ending June 30, 2041. The lease payments to be made by these Schools are based on student enrollment. The School collected rent revenue of \$371,256 and \$291,497 from Miami Community Charter Middle School, Inc. and Miami Community Charter High School, Inc., respectively, for the fiscal year ended June 30, 2020.

NOTE 13 – PROFESSIONAL SERVICE CONTRACTS

The School entered into an annual contract for professional services with Building Hope Services, LLC to provide consulting and professional services for the School. The contract is cancellable by either party with 30 days written notice. The professional fees for the year ended June 30, 2020, were \$53,703.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The School leases its educational facility under a non-cancelable operating lease expiring in August 2020. Rental expenditures under this lease for the year ended June 30, 2020 were \$230,989.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 15 – SCHEDULE OF STATE REVENUE SOURCES

The following is a schedule of the School’s State revenue:

Source	Amount
Florida education finance program	\$ 2,931,940
Class size reduction	686,621
Supplementary Academic Instruction	178,400
Student transportation	95,106
Instructional materials	39,582
ESE guaranteed allocation	41,217
Reading allocation	23,244
Safe schools	35,391
Mental Health Assistance	12,907
Digital classroom allocation	739
Florida teachers lead	7,866
Best and Brightest	42,075
School Recognition Funds	52,991
Miscellaneous state revenue	38,765
Total state revenue	<u><u>\$ 4,186,844</u></u>

As provided in the charter school contract and Florida Department of Education Rules, the District has charged the School an administrative fee on FEFP revenue for the first 250 FTE, which totaled \$94,868 for the year ended June 30, 2020.

NOTE 16 – LEGAL MATTERS

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

NOTE 17 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 18 – 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 in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 19 – SUBSEQUENT EVENTS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the School, its performance, and its financial results.

REQUIRED SUPPLEMENTAL INFORMATION

MIAMI COMMUNITY CHARTER SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 4,053,524	\$ 4,186,844	\$ 4,186,844
Other income	480,704	693,850	693,850
TOTAL REVENUES	\$ 4,534,228	\$ 4,880,694	\$ 4,880,694
EXPENDITURES			
Instruction	\$ 1,838,701	\$ 1,662,976	\$ 1,662,976
Instructional support services	16,760	48,232	48,232
Instruction and curriculum development	95,118	41,172	41,172
Instructional staff training services	827	4,110	4,110
Instructional related technology	51,557	56,508	56,508
School board	109,842	14,068	14,068
General administration	95,309	94,868	94,868
School administration	501,623	999,727	999,727
Facilities acquisition and construction	13,332	148,048	148,048
Fiscal services	124,963	64,368	64,368
Food services	161,039	24,217	24,217
Pupil transportation services	229,719	253,027	253,027
Operation of plant	305,728	314,493	314,493
Maintenance of plant	75,390	19,472	19,472
Community service	31,813	1,307	1,307
Other capital outlay	-	57,562	57,562
Debt service	-	10,272	10,272
TOTAL EXPENDITURES	\$ 3,651,721	\$ 3,814,427	\$ 3,814,427
Change in fund balance before transfers out	882,507	1,066,267	1,066,267
Transfers out	(653,940)	(674,824)	(674,824)
Proceeds from long-term financing	-	544,110	544,110
Net change in fund balance	\$ 228,567	\$ 935,553	\$ 935,553

See accompanying note to the required supplemental information.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal passed through state and local	\$ 313,800	\$ 449,928	\$ 449,928
Federal lunch program	618,744	299,375	299,375
TOTAL REVENUES	\$ 932,544	\$ 749,303	\$ 749,303
EXPENDITURES			
Instructional services	\$ 251,117	\$ 449,928	\$ 449,928
Instructional support services	59,133	-	-
Instruction and curriculum development	600	-	-
Instructional related technology	2,950	-	-
Food services	618,744	299,375	299,375
TOTAL EXPENDITURES	\$ 932,544	749,303	\$ 749,303
 Net change in fund balance	 \$ -	 \$ -	 \$ -

See accompanying note to the required supplemental information.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Capital Projects Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 322,414	\$ 335,441	\$ 335,441
TOTAL REVENUES	<u>322,414</u>	<u>335,441</u>	<u>335,441</u>
EXPENDITURES			
Facilities acquisition and construction	322,414	85,441	85,441
Other capital outlay	-	250,000	250,000
TOTAL EXPENDITURES	<u>322,414</u>	<u>335,441</u>	<u>335,441</u>
Transfers in	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Debt Service Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Other income	\$ -	\$ 11,874	\$ 11,874
TOTAL REVENUES	-	11,874	11,874
EXPENDITURES			
Debt services	653,940	642,311	642,311
TOTAL EXPENDITURES	653,940	642,311	642,311
Transfers in	653,940	674,824	674,824
Net change in fund balance	\$ -	\$ 44,387	\$ 44,387

See accompanying note to the required supplemental information.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Agency, Pass-through Entity Federal Program	CFDA No.	Contract/ Grant No.	Expenditures	Transfers to Subrecipients
United States Department of Agriculture				
<i>Passed through the Florida Department of Agriculture and Consumer Services:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	14002	\$ 10,154	\$ 5,106
National School Lunch Program	10.555	14001	485,168	190,842
Total Child Nutrition Cluster:			<u>495,322</u>	<u>195,948</u>
Total United States Department of Agriculture			<u>495,322</u>	<u>195,948</u>
United States Department of Education				
<i>Passed through Miami-Dade County District School Board</i>				
Title I Grants to Local Educational Agencies	84.010	N/A	325,339	-
Twenty-First Century Community Learning Centers	84.287	N/A	124,589	-
Total United States Department of Education			<u>449,928</u>	<u>-</u>
Total Expenditures of Federal Awards			<u><u>\$ 945,250</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Required Supplemental Information and to the Schedule of Expenditures of Federal Awards.

MIAMI COMMUNITY CHARTER SCHOOL, INC.
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION AND TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2020, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general, special revenue, capital projects, and debt service funds for which a legally adopted budget exists.

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 B – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position or changes in financial position of the School.

NOTE C – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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*

Board of Directors of
Miami Community Charter School, Inc.
Florida City, 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 and each major fund of Miami Community 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2020



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Miami Community Charter School, Inc.
Miami, Florida

Report on Compliance for Each Major Federal Program

We have audited Miami Community Charter School, Inc. (a nonprofit organization) (the “School”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2020. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the School’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School’s compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2020

**MIAMI COMMUNITY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Type of auditor's report issued on compliance for major programs: *Unmodified*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes no

Identification of major programs:

Federal Program or Cluster	CFDA Number	Expenditures
Title I Grants to Local Educational Agencies	84.010	\$ 325,339

Dollar threshold used to distinguish between type A and type B programs. \$ 750,000

Auditee qualified as low-risk auditee? yes no

**MIAMI COMMUNITY CHARTER SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS

None

SECTION IV - OTHER ISSUES

1. A management letter was issued and reported to management, dated September 14, 2020 which is attached to this document.
2. A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to financial statements.
3. A Corrective Action Plan is not required because there were no findings required to be reported under the Federal Single Audit.



MANAGEMENT LETTER

Board of Directors of
Miami Community Charter School, Inc.
Florida City, Florida

Report on the Financial Statements

We have audited the financial statements of Miami Community Charter School, Inc. (the “School”), a non-major component unit of the District School Board of Miami-Dade County, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in that report, which is 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. There were no findings or recommendations made in the preceding 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 of the entity and the school code assigned by the Florida Department of Education of the entity is Miami Community Charter School, Inc. and #130102.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2020 is not deteriorating.

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management and Miami Community Charter School, Inc. 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