

Alpha Charter of Excellence, Inc.
Financial Statements and Supplementary Information
June 30, 2021



GLSC & COMPANY, PLLC
certified public accountants

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Independent Auditors' Report

To the Board of Directors
Alpha Charter of Excellence, Inc.
Miami, Florida

We have audited the accompanying financial statements of the governmental activities and major funds of Alpha Charter of Excellence, Inc. (the "School") as of and for the year ended June 30, 2021, 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Alpha Charter of Excellence, Inc. as of June 30, 2021, 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.

To the Board of Directors
Alpha Charter of Excellence, Inc.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 22-24 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, 2021, on our consideration of Alpha Charter of Excellence, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Alpha Charter of Excellence, Inc.'s internal control over financial reporting and compliance.

GLSC & Company, PLLC

Miami, Florida
September 14, 2021

**Alpha Charter of Excellence, Inc.
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Our discussion and analysis of Alpha Charter of Excellence, Inc.'s (the "School") financial performance provides a narrative overview of the School's financial activities for the year ended June 30, 2021. We encourage readers to read it in conjunction with the School's independent auditors' report, financial statements, accompanying notes and supplementary information to the financial statements.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the fiscal year resulting by \$537,322.
- The School's total net position increased by \$97,821 primarily due to an increase in grant revenue as a result of CARES Act funds received related to the COVID-19 pandemic.
- Student enrollment decreased by 23 students this past year, a 7% decrease. Student enrollment totaled 290, 313 and 318 in years 2021, 2020 and 2019, respectively.
- As of June 30, 2021, the School's governmental funds reported ending fund balances of \$440,238 an increase of \$45,310 in comparison with the prior year. The entire fund balance belongs to the general fund as any excess revenues over expenditures in the other governmental funds are transferred to the general fund.

Overview of the Financial Statements

This discussion and analysis are intended to serve as the introduction to the School's financial statements. The School's financial statements are comprised of 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 the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statement of activities* presents information for all the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will eventually result in cash flows in future fiscal periods.

The *government-wide financial statements* distinguish the School's function as being principally supported by local revenues (FTE dollars through the Miami-Dade County School Board) (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The School does not have any business-type activities and does not have any component units for which they are financially responsible. The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School has one fund category, governmental funds. There are no proprietary or fiduciary funds maintained by the School. The fund financial statements present information in more detail than the government-wide financial statements.

Governmental funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains two governmental funds. The governmental balance sheet presents only the general fund as the special revenue fund had no assets or liabilities at year-end. Information is presented separately in the governmental fund statement of revenues, expenditures, and changes in fund balances. The School adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the each governmental fund to demonstrate compliance with the budget. The governmental fund statements can be found on pages 11-14.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-21.

Required Supplementary Information

The information in this section is required by the Governmental Accounting Standards Board (GASB). It consists of the Management's Discussion and Analysis (MD&A) comprising pages 3-8, the budgetary comparison schedule, and the notes to budgetary comparison schedules which can be found on pages 22-24.

Supplementary Auditors' Reports This section includes the following:

- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, which can be found on pages 25-26.
- Schedule of Questioned Costs and Findings, which can be found on page 27.
- Management Letter in Accordance with the Rules of the Auditor General of the State of Florida, which can be found on pages 28-29.

Government-wide financial analysis: As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. As of June 30, 2021, the School's total net position increased by \$97,821 when compared to prior year.

As of June 30, 2021, net investment in capital assets (e.g., improvements other than buildings and equipment) amounted to \$97,084.

	Governmental Activities		Increase (Decrease)
	<u>2021</u>	<u>2020</u>	
Assets			
Current and other assets	\$ 539,309	\$ 490,974	\$ 48,335
Capital assets, net of depreciation	<u>97,084</u>	<u>44,573</u>	<u>52,511</u>
Total assets	<u>636,393</u>	<u>535,547</u>	<u>100,846</u>
Liabilities			
Current and other liabilities	<u>99,071</u>	<u>96,046</u>	<u>3,025</u>
Total liabilities	<u>99,071</u>	<u>96,046</u>	<u>3,025</u>
Net position			
Net investment in capital assets	97,084	44,573	52,511
Unrestricted	<u>440,238</u>	<u>394,928</u>	<u>45,310</u>
Total net position	<u>\$ 537,322</u>	<u>\$ 439,501</u>	<u>\$ 97,821</u>

Total assets increased by \$100,846 (18.8%).

Total liabilities increased by \$3,025 (3.1%) and the unrestricted net position increased by \$45,310 (11.5%) from prior year. The School's assets exceeded liabilities by \$537,322 at June 30, 2021.

Governmental activities The School's total net position at the end of the year amounted to \$537,322, an increase of \$97,821 (22.3%) from the previous fiscal year. The total cost of all governmental activities this year was \$3,080,787. Key elements of these changes in net position are as follows:

	Governmental Activities		Increase (Decrease)
	<u>2021</u>	<u>2020</u>	
Revenues:			
Program revenues:			
Charges for services	\$ 184	\$ 1,289	\$ (1,105)
Operating grants and contributions	544,106	404,517	139,589
Capital grants and contributions	189,807	195,733	(5,926)
General revenues			
Florida Education Finance Program (FEFP)	2,442,171	2,455,936	(13,765)
Local sources	<u>2,340</u>	<u>14,992</u>	<u>(12,652)</u>
Total revenues	<u>3,178,608</u>	<u>3,072,467</u>	<u>106,141</u>
Expenses:			
Instruction	1,559,756	1,555,254	4,502
Instruction and curriculum development services	28,712	-	28,712
Instructional staffing services	21,240	64,838	(43,598)
Board	11,000	9,250	1,750
General administration	102,377	93,839	8,538
School administration	271,870	264,719	7,151
Facilities and acquisition	518,935	518,935	-
Fiscal services	40,787	43,251	(2,464)
Food services	149,024	184,521	(35,497)
Operations of plant	236,169	216,640	19,529
Maintenance of plant	32,115	30,510	1,605
Technology services	69,746	63,448	6,298
Unallocated depreciation expense	<u>39,056</u>	<u>31,621</u>	<u>7,435</u>
Total expenses	<u>3,080,787</u>	<u>3,076,826</u>	<u>3,961</u>
Change in net position	97,821	(4,359)	102,180
Net position, beginning	<u>439,501</u>	<u>443,860</u>	<u>(4,359)</u>
Net position, ending	<u>\$ 537,322</u>	<u>\$ 439,501</u>	<u>\$ 97,821</u>

The School's total revenues increased by \$106,141 (3.45%) during the year. The \$106,141 increase is mainly due to a \$139,589 (34.51%) increase in operating grants and contributions. The increase in operating grant revenue is a result of several additional federal grants received.

Total expenses remain consistent to prior year.

General Budgetary Highlights

For the fiscal year ended June 30, 2021, the School had final estimated revenues and appropriations of \$3,088,356 and \$3,175,225, respectively. The majority of the variance between budgeted and actual general fund expenditures for the year ended June 30, 2021 is due to disruption of services as a result of the Covid-19 pandemic and unpredictability of grants received in association with the Covid-19 pandemic prior to completion of the budget.

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2021 amounted to \$97,084, net of accumulated depreciation. This investment in capital assets includes improvements other than buildings, and equipment.

Capital Assets (net of accumulated depreciation)

	Governmental Activities		Increase (Decrease)
	<u>2021</u>	<u>2020</u>	
Improvements other than buildings	\$ 2,868	\$ 2,984	\$ (116)
Equipment	<u>94,216</u>	<u>41,589</u>	<u>52,627</u>
Total capital assets	<u>\$ 97,084</u>	<u>\$ 44,573</u>	<u>\$ 52,511</u>

In fiscal year 2020-2021, total capital purchases amounted to approximately \$91,567. Additional information on the School's capital assets can be found in Note 3 of the notes to the financial statements (page 20).

Economic Factors and Other Events

- The School receives funds from state sources in the form of Florida Education Finance Program Fees (FEFP). The fees are evaluated in October and February and are based on student enrollment.
- Miami-Dade County School Board maintained the administrative costs at 5% of the FEFP award on the first 500 students.
- The School received funds from federal award Elementary and Secondary School Emergency Relief Fund (ESSER), which provides economical relief to schools under the CAREs act. The School expects to receive additional funds under this grant in the following year.

Impact of Coronavirus on the School

The Covid-19 coronavirus outbreak in the United States has resulted in disruption of instituted schools, which prompted the School to transition to a hybrid of in-person learning and a virtual learning environment. The School has taken numerous measures to respond to the outbreak, including sanitizing all areas of the School in accordance with guidelines provided by the Centers for Disease Control (CDC). In addition, the School has provided digital devices to families in need to ensure that each student is able to participate in the online learning platform. The School has also partnered with other organizations to provide food and essential items to families in the School community.

Although the School opened for in-person learning in the school year 2020-2021, the School has continued to use an instructional continuity plan that includes a hybrid learning model blending both physical return-to-school learning and distance learning, safety protocols throughout the School, density reduction and strategic leveraging of existing square footage to maximize social distancing.

While the School has adopted an instructional continuity plan to address the threats posed by Covid-19, the School expects it may impact enrollment and overall productivity. These disruptions are expected to be temporary, but there is uncertainty around the duration of such disruptions. Accordingly, these conditions may have a negative impact on the School's financial performance and the full impact on the School's financial position is not yet determinable.

Requests for Information

This financial report is designed to provide the reader with a general overview of the School's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to Isabel Navas, Principal, 1223 SW 4th Street, Miami, Florida 33135.

Alpha Charter of Excellence, Inc.
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash	\$ 421,545
Accounts receivable	<u>97,676</u>
Total current assets	<u>519,221</u>
Capital assets, net of accumulated depreciation	97,084
Other Assets	
Deposits	<u>20,088</u>
Total assets	<u><u>\$ 636,393</u></u>
Liabilities and Net Position	
Liabilities	
Accounts payable	4,504
Accrued payroll	<u>94,567</u>
Total liabilities	<u>99,071</u>
Net Position	
Net investment in capital assets	97,084
Unrestricted	<u>440,238</u>
Total net position	<u><u>\$ 537,322</u></u>

The accompanying notes are an integral part of the financial statements.

**Alpha Charter of Excellence, Inc.
Statement of Activities
For the Year Ended June 30, 2021**

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities:					
Instruction	\$ 1,559,756	\$ -	\$ 210,534	\$ -	\$ (1,349,222)
Instruction and curriculum development services	28,712	-	-	-	(28,712)
Instructional staffing services	21,240	-	22,167	-	927
Board	11,000	-	-	-	(11,000)
General administration	102,377	-	-	-	(102,377)
School administration	271,870	-	-	-	(271,870)
Facilities and acquisition	518,935	-	72,703	189,807	(256,425)
Fiscal services	40,787	-	-	-	(40,787)
Food services	149,024	184	195,725	-	46,885
Operations of plant	236,169	-	42,977	-	(193,192)
Maintenance of plant	32,115	-	-	-	(32,115)
Technology services	69,746	-	-	-	(69,746)
Unallocated depreciation expense	39,056	-	-	-	(39,056)
Total governmental activities	<u>\$ 3,080,787</u>	<u>\$ 184</u>	<u>\$ 544,106</u>	<u>\$ 189,807</u>	<u>(2,346,690)</u>

General revenues:	
Florida Education Finance Program	2,442,171
Other local sources	<u>2,340</u>
Total general revenues	<u>2,444,511</u>
Change in net position	97,821
Net position, beginning	<u>439,501</u>
Net position, ending	<u>\$ 537,322</u>

The accompanying notes are an integral part of the financial statements.

**Alpha Charter of Excellence, Inc.
Balance Sheet - Governmental Fund
June 30, 2021**

	General Fund
Assets	
Cash	\$ 421,545
Accounts receivable, net	97,676
Deposits	20,088
Total assets	\$ 539,309
 Liabilities and Fund Balance	
Liabilities:	
Accrued salaries	\$ 94,567
Accounts payable	4,504
Total liabilities	99,071
 Fund Balance	
Unassigned	440,238
Total fund balance	440,238
Total liabilities and fund balance	\$ 539,309

The accompanying notes are an integral part of the financial statements.

Alpha Charter of Excellence, Inc.
Reconciliation of the Balance Sheet - Governmental Fund
to the Statement of Net Position
June 30, 2021

Total fund balance, governmental fund (page 11)	\$ 440,238
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund level statements	
Capital assets, net of accumulated depreciation	<u>97,084</u>
Net position of governmental activities (Page 9)	<u>\$ 537,322</u>

The accompanying notes are an integral part of the financial statements.

Alpha Charter of Excellence, Inc.
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Special Revenue	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
School Board of Miami-Dade County			
Florida Education Finance Program (FEFP)	\$ 2,442,171	\$ -	\$ 2,442,171
Capital outlay	189,807	-	189,807
Federal passed through state	-	544,106	544,106
Other local sources	<u>2,340</u>	<u>184</u>	<u>2,524</u>
Total revenues:	2,634,318	544,290	3,178,608
Expenditures:			
Instruction	1,385,174	174,582	1,559,756
Instruction and curriculum development services	28,712	-	28,712
Instructional staffing services	240	21,000	21,240
Board	11,000	-	11,000
General administration	102,377	-	102,377
School administration	271,870	-	271,870
Facilities and acquisition	610,502	-	610,502
Fiscal services	40,787	-	40,787
Food services	7,007	142,017	149,024
Operations of plant	236,169	-	236,169
Maintenance of plant	32,115	-	32,115
Technology services	<u>69,746</u>	<u>-</u>	<u>69,746</u>
Total expenditures:	2,795,699	337,599	3,133,298
(Deficiency) excess of revenues over expenditures	(161,381)	206,691	45,310
Other financing sources			
Transfers to other funds	<u>206,691</u>	<u>(206,691)</u>	<u>-</u>
Total other financing sources (uses)	206,691	(206,691)	-
Fund balance, beginning	<u>394,928</u>	<u>-</u>	<u>394,928</u>
Fund balance, ending	<u>\$ 440,238</u>	<u>\$ -</u>	<u>\$ 440,238</u>

The accompanying notes are an integral part of the financial statements.

Alpha Charter of Excellence, Inc
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Funds to the Statement of Activities
June 30, 2021

Net change in fund balance - total governmental fund (page 13)	\$ 45,310
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are capitalized and allocated over their estimated useful lives as depreciation expense.	
Purchased capital assets	91,567
Unallocated depreciation expense	<u>(39,056)</u>
Change in net position of governmental activities (page 10)	<u>\$ 97,821</u>

The accompanying notes are an integral part of the financial statements.

Alpha Charter of Excellence, Inc.
Notes to the Financial Statements
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Alpha Charter of Excellence, Inc. (the "School") was established as a not-for-profit organization under the laws of the State of Florida in June 2012, for the purpose of maximizing student achievement through service-learning activities and projects in a safe, nurturing micro-society environment. The School operates as a charter school pursuant to a Charter School Contract ("the Contract") with the Miami-Dade County Public School Board (the District or School Board). The original contract was effective for five years expiring in 2017. In 2017, the Contract with the School Board was renewed for another five years expiring in June 2022. For financial statement purposes, the School is considered a component unit of the School Board of Miami-Dade County, which is a primary government entity for financial reporting.

The School has a current enrollment of 290 students for the 2020-2021 school year.

Government-Wide and Fund Financial Statements

The School's government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the School's activities. The effect of interfund activity has been removed from these statements. Full-time equivalent (FTE) dollars and intergovernmental revenues support governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. FTE dollars and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements. The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The School's government-wide financial statements are reported 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 the related cash flows. Grants and other similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The School's fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

FTE dollars, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

The School reports the following major funds:

General Fund – the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

Special Revenue Fund – accounts for specific revenue, such as federal grants and capital outlay grants that are legally restricted to expenditures for particular purposes.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities and Fund Equity

a. Cash and Cash Equivalents

The School considers all highly liquid investments that have an original maturity of three months or less as cash equivalents. The School maintains its cash in approved qualified public depository accounts.

b. Accounts Receivable

All receivables are considered to be collectible. No allowance for uncollectible accounts is recorded.

c. Capital Assets

Capital assets, which include equipment and leasehold improvements, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial / individual cost more than \$1,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

Costs of normal maintenance and repairs are expensed as incurred. Major repairs and improvements that extend the life of the asset are capitalized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

c. Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Category</u>	<u>Years</u>
Improvements other than buildings	7
Equipment	3

In accordance with Florida Statutes, all property and improvements, furnishings and equipment purchased with public funds will automatically revert to full ownership by the School Board upon the non-renewal or termination of the charter agreement.

d. Net Position and Fund Balance Classifications

Government-wide Financial Statements

Net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation which are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation. The School has no restricted net position as of June 30, 2021.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Financial Statements

Fund Balance. In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Equity (Continued)

e. Net Position and Fund Balance Classifications (Continued)

Fund Financial Statements (Continued)

Committed – The portion of fund balance that can only be used for specific purposes imposed by majority vote of the School's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned – That amount of fund balance that the School intends to use for specific purposes.

Unassigned – The portion of fund balance that has not been assigned to another fund or restricted, committed or assigned to specific purposes within the General Fund.

The School's policy is to apply expenditures against restricted fund balances, followed in order by committed funds, then assigned funds, and finally unassigned fund balances, at the end of the fiscal year. The School's Board of Directors can deviate from this policy if it is in the best interest of the School.

Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between governmental funds' total fund balance and governmental activities' net position as reported in the government-wide statement of net position.

The net difference of \$97,084 between the two amounts represents the amount that the net position of governmental activities exceeds the total fund balances of governmental funds.

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. Under the provisions of Section 1002.33, Florida Statutes, and the School's charter, the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual FTE students reported by the School during the designated student survey periods.

Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund statement of revenues, expenditures and changes in fund balance is followed by a reconciliation between the change in the fund balance of the governmental funds and the change in the net position of governmental activities as reported on the government-wide statement of activities.

The net difference of \$52,511 between the two amounts represents the amount that the change in fund balances of government funds exceeds the change in net position of governmental activities.

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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may differ from actual results.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements

Pronouncements implemented in the current year:

The Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities* (Statement 84) to provide clearer guidance on identifying fiduciary activities for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency and comparability of fiduciary activities reported by governments. GASB 84 was adopted during the year ended June 30, 2021 and did not have a material effect on the financial statements.

Pronouncements yet to be implemented:

GASB Statement 87, *Leases* (GASB 87), increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of GASB 87 are effective for fiscal year 2022. The School is currently evaluating the impact, if any, that GASB 87 may have on its financial statements.

GASB Statement 92, *Omnibus 2020* (GASB 92), enhances the comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The Statement addresses a variety of topics and includes specific provisions regarding GASB Statement 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and Terminology used to refer to derivative instruments. The requirements of GASB 92 are effective at various dates in fiscal year 2022. The School is currently evaluating the impact, if any, that GASB 92 may have on its financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of GASB 96 are effective for fiscal year 2023. The School is currently evaluating the impact, if any, that GASB 96 may have on its financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Date of Management Review

Management has evaluated events that occurred subsequent to year end for potential recognition or disclosure in the financial statements. Subsequent events were evaluated through September 14, 2021, the date which the financial statements were available to be issued.

2. DEPOSITS

The School's cash and cash equivalents include demand deposits. At June 30, 2021, the School's deposits totaled \$421,545. The School's deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). All cash deposits are held at banks qualified as public depositories under Florida law.

Concentrations of Credit Risk

Custodial credit risk for cash deposits is the risk that, in event, of the failure of a depository financial institution, the School will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. As of June 30, 2021, the School's custodial credit risk is approximately \$171,545. The School maintains cash with a high-quality financial institution that meets the definition of a qualified public depository as defined by Chapter 280, Florida Statutes.

3. CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended June 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Improvements other than building	\$ 325,636	\$ 2,175	\$ -	\$ 327,811
Furniture, fixture and equipment	221,669	89,392	-	311,061
Total capital assets being depreciated	<u>547,305</u>	<u>91,567</u>	<u>-</u>	<u>638,872</u>
Less: accumulated depreciation for:				
Improvements other than building	(322,652)	(2,291)	-	(324,943)
Furniture, fixture and equipment	(180,080)	(36,765)	-	(216,845)
Total accumulated depreciation	<u>(502,732)</u>	<u>(39,056)</u>	<u>-</u>	<u>(541,788)</u>
Total capital assets being depreciated, net	<u>\$ 44,573</u>	<u>\$ 52,511</u>	<u>\$ -</u>	<u>\$ 97,084</u>

Depreciation expense of \$39,056 was unallocated during the year ended June 30, 2021.

4. RECEIVABLES

Receivables as of June 30, 2021, for the School are as follows:

Due from Miami-Dade County	\$ 13,898
Due from Federal	<u>83,778</u>
Total receivables	<u>\$ 97,676</u>

5. OPERATING LEASES

The School operates under a non-cancelable operating lease agreement which expires in June 2022. The agreement requires monthly rental payments plus an allocation of operating charges and real estate taxes. For the fiscal year ended June 30, 2021, rent expense was \$518,935.

Future minimum rental payments under this lease arrangement are as follows:

<u>Fiscal Years ending June 30,</u>	<u>Amount</u>
2022	\$ 548,280

6. SERVICE AGREEMENT

The School has a service agreement with Charter School Services Inc. (d/b/a Building Hope) to provide accounting and finance services for the School, which began on June 1, 2017. The agreement is renewed annually. Building Hope provides administrative, accounting and finance services. Under this arrangement, the School will pay approximately \$110 per full time equivalent student and \$0.25 per reimbursed lunch in ongoing support for the NSLP program. Total management fees for June 30, 2021, were approximately \$40,787.

7. RISKS AND UNCERTAINTIES

The School is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the School carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

The School has received proceeds from several Federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant money.

The Covid-19 coronavirus outbreak in the United States has resulted in disruption of instituted schools, which prompted the School to transition to a hybrid of in-person learning and a virtual learning environment. The School has taken numerous measures to respond to the outbreak, including sanitizing all areas of the School in accordance with guidelines provided by the Centers for Disease Control (CDC). While the School has adopted an instructional continuity plan to address the threats posed by Covid-19, the School expects the change may impact enrollment and overall productivity. These disruptions are expected to be temporary, but there is uncertainty around the duration of such disruptions. Accordingly, these conditions may have a negative impact on the School's financial performance and the full impact on the School's financial position is not yet determinable.

8. CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to future audit and compliance testing, which may result in adjustments by Federal or State grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of such expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the School's expect such amounts, if any, to be immaterial.

Required Supplementary Information

Alpha Charter of Excellence, Inc.
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues:			
School Board of Miami-Dade County			
Florida Education Finance Program (FEFP)	\$ 2,433,264	\$ 2,442,171	\$ 8,907
Capital Outlay	165,000	189,807	24,807
Other local sources	20,600	2,340	(18,260)
Total Revenues:	2,618,864	2,634,318	15,454
Expenditures:			
Instruction	1,409,822	1,385,174	24,648
Instruction and curriculum development services	45,000	28,712	16,288
Instructional staffing services	75	240	(165)
Board	9,500	11,000	(1,500)
General administration	101,386	102,377	(991)
School administration	262,420	271,870	(9,450)
Facilities and acquisition	518,935	610,502	(91,567)
Fiscal services	35,400	40,787	(5,387)
Food services	-	7,007	(7,007)
Pupil transportation services	1,000	-	1,000
Operations of plant	227,820	236,169	(8,349)
Maintenance of plant	36,000	32,115	3,885
Technology services	58,375	69,746	(11,371)
Total expenditures:	2,705,733	2,795,699	(89,966)
Excess of revenues over expenditures	(86,869)	(161,381)	(74,512)
Other financing sources			
Transfers to other funds	-	206,691	206,691
Total other financing sources	-	206,691	206,691
Fund balance, beginning	394,928	394,928	-
Fund balance, ending	\$ 308,059	\$ 440,238	\$ 132,179

**Alpha Charter of Excellence, Inc.
 Budgetary Comparison Schedule - Special Revenue Fund
 For the Year Ended June 30, 2021**

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Federal passed through state	\$ 469,492	\$ 544,106	\$ 74,614
Other local sources	<u>-</u>	<u>184</u>	<u>184</u>
Total Revenues:	469,492	544,290	74,798
Expenditures:			
Instruction	187,436	174,582	12,854
Instructional staffing services	22,546	21,000	1,546
Food services	<u>259,510</u>	<u>142,017</u>	<u>117,493</u>
Total expenditures:	469,492	337,599	131,893
Excess of revenues over expenditures	-	206,691	206,691
Other financing sources			
Transfers to other funds	<u>-</u>	<u>(206,691)</u>	<u>(206,691)</u>
Total other financing sources	-	(206,691)	(206,691)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Alpha Charter of Excellence, Inc.
Notes to the Budgetary Comparison Schedule
Governmental Funds
For the Year Ended June 30, 2021

Note 1 – Budgets and Budgetary Accounting

An operating budget was adopted and maintained by the governing board for the School pursuant to the requirement of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments must be approved by the Board of Directors. Actual expenditures did not exceed budgeted amounts for the year ended June 30, 2021.



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

To the Board of Directors
Alpha Charter of Excellence, 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 and major funds of Alpha Charter of Excellence, Inc., (the "School") as of and for the year ended June 30, 2021, 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, 2021.

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 Alpha Charter of Excellence, Inc.'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 deficiency 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*.

To the Board of Directors
Alpha Charter of Excellence, Inc.

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.

GLSC & Company, PLLC

Miami, Florida
September 14, 2021

ALPHA CHARTER OF EXCELLENCE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED JUNE 30, 2021

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

No findings noted.

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

No prior year findings.

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

To the Board of Directors of
Alpha Charter of Excellence, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of Alpha Charter of Excellence, Inc., (the “School”) as of and for the year ended June 30, 2021, and have issued our report thereon dated September 14, 2021.

Auditors’ 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 Reports and Schedules

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*; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 14, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., *Rules of the Auditor General*, requires the name or official title of the entity and school code. The official title and school code assigned by the Florida Department of Education of the entity are Alpha Charter of Excellence, Inc. and 5410.

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 the Alpha Charter of Excellence, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Alpha Charter of Excellence, 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 Alpha Charter of Excellence, Inc. It is management’s responsibility to monitor Alpha Charter of Excellence, Inc.’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination whether Alpha Charter of Excellence, Inc. maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Alpha Charter of Excellence, Inc. maintained on its website 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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

We wish to thank the School and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

GLSC & Company, PLLC

Miami, Florida
September 14, 2021