

**THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI**

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, 2021

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2021

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**THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI**

1901 NW 127th Street
Miami, FL 33167
(855) 818-7333

2020-2021

BOARD OF DIRECTORS

Melanie Damian, President, Title Secretary
Virginia Emmons, Title Director
Tery Medina, Title Director
Tom Culmo, Title Director
Stuart Israelson, Director
Dorothy Terrell, Director
Carol Cope, Director
Jason Bloch, Director
Pat Gannon, Director

SCHOOL ADMINISTRATION

Mrs. Kara A. Locke, Head of School



INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Miami Boarding School, Inc.
d/b/a The SEED School of Miami
Miami, 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 The Miami Boarding School, Inc. d/b/a The SEED School of Miami (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, 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.

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 and each major fund of the School, 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.

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 13 and budgetary comparison information on pages 30 to 31 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 15, 2021, 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 15, 2021

Management's Discussion and Analysis
The Miami Boarding School, Inc.
d/b/a The SEED School of Miami

The discussion and analysis of The Miami Boarding School, Inc. d/b/a The Seed School of Miami (the "School") financial performance provides an overview of the School's financial activities for the Fiscal Year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

1. The School had a change in net position of \$1,792,855 for the fiscal year end at June 30, 2021 and the School's net position was \$5,588,362.
2. At year-end, the School had current assets of \$3,269,564.
3. The School had a fund balance at June 30, 2021 of \$2,721,044 with an increase of \$1,681,678.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2021 are presented in accordance with Governmental Accounting Standards Board ("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 and liabilities. The difference between the two 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 14-15 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 comply 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 all of its governmental funds. 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 16-19 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 20-29 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. Below is a summary of the School's net position as of June 30, 2021 and 2020:

Assets	2021	2020
Cash	\$ 3,240,086	\$ 1,447,373
Accounts receivables	-	173,339
Due from The SEED Foundation	29,478	-
Deposits held in escrow	3,240,000	3,240,000
Capital assets, net	9,399,099	8,883,338
Total Assets	\$15,908,663	\$13,744,050
Liabilities and Net Position		
Accounts payable and accrued expenses	\$ 548,520	\$ 538,067
Due to The SEED Foundation	-	43,279
Long-term debt	9,771,781	9,367,197
Total Liabilities	10,320,301	9,948,543
Net investment in capital assets, net of related debt	3,857,318	3,881,141
Deficit in unrestricted	1,731,044	(85,634)
Total Net Position	5,588,362	3,795,507
Total Liabilities and Net Position	\$15,908,663	\$13,744,050

Below is a summary and analysis of the School's revenues and expenses for the year ended June 30, 2021 and 2020:

REVENUES	<u>2021</u>	<u>2020</u>
Program revenues		
Contributions and other grants	\$ 1,182,510	\$ 1,733,341
Other miscellaneous state revenues	8,422,933	8,626,762
General revenues		
FEFP nonspecific revenue	2,006,257	1,805,446
Other income	1,136,489	32,079
Total revenues	<u>12,748,189</u>	<u>12,197,628</u>
 EXPENSES		
Instruction	2,889,887	2,364,249
Instructional support services	2,995,358	2,827,767
School administration	674,449	514,642
Fiscal services	1,158,266	974,910
Food services	139,327	335,088
Pupil transportation services	60,940	526,787
Operation of plant	1,674,543	2,559,863
Administrative technology services	336,428	185,756
Maintenance of plant	148,663	283,490
Central services	502,339	426,751
Interest expense	186,864	2,483
Depreciation expense	188,270	175,528
Total Expenses	<u>10,955,334</u>	<u>11,177,314</u>
 Change in Net Position	1,792,855	1,020,314
 Net Position at Beginning of Year	<u>3,795,507</u>	<u>2,775,193</u>
Net Position at End of Year	<u><u>\$ 5,588,362</u></u>	<u><u>\$ 3,795,507</u></u>

ACCOMPLISHMENTS

Mission, Network Vision and Goals

The SEED School of Miami (SEED Miami) is a college-preparatory, public boarding school for South Florida students. SEED Miami's mission is to provide an outstanding educational program that empowers students to be successful, both academically and socially, in college and beyond. SEED Miami serves low-income, at-risk students who benefit from 24-hour-a-day support and a stable learning environment to cultivate their success. The school is the first of its kind in Florida joining The SEED School of Washington, D.C. (1998), The SEED School of Maryland (2008), and The SEED School of L.A. (2022) as a national cohort of public college prep boarding schools.

As a network, we believe that all young people, regardless of circumstances, should be able to achieve their true potential in life. Together with students, families, educators, activists, communities, and policymakers who share this belief, SEED strives to foster a nation where:

- Students who need it most have access to a high-quality, college-preparatory, public boarding education;
- Low-income, first-generation, college-bound students receive the support they need to thrive in college and beyond; and
- Our public education system embraces innovation to empower all students to own their educational journeys.

We are also committed to ensuring that SEED students earn high school diplomas and college degrees at higher rates than their peers.

As a network of SEED Schools, commit to meeting the following goals by 2028:

- 90% of all SEED students will graduate from high school
- 90% of all SEED high school graduates will enroll in “right-fit” colleges, using our unique approach to college matching
- 70% of all SEED high school graduates will earn bachelor’s degrees within six years

SEED Miami Student Demographics

In 2011, Florida Legislature enacted Senate Bill 404 to establish the state’s first public, college-prep boarding school, created for the purpose of “providing unique educational opportunities to dependent or at-risk children who are academic underperformers but who have the potential to progress from at-risk to college-bound.” Under this premise, unique eligibility criteria were established for student enrollment.

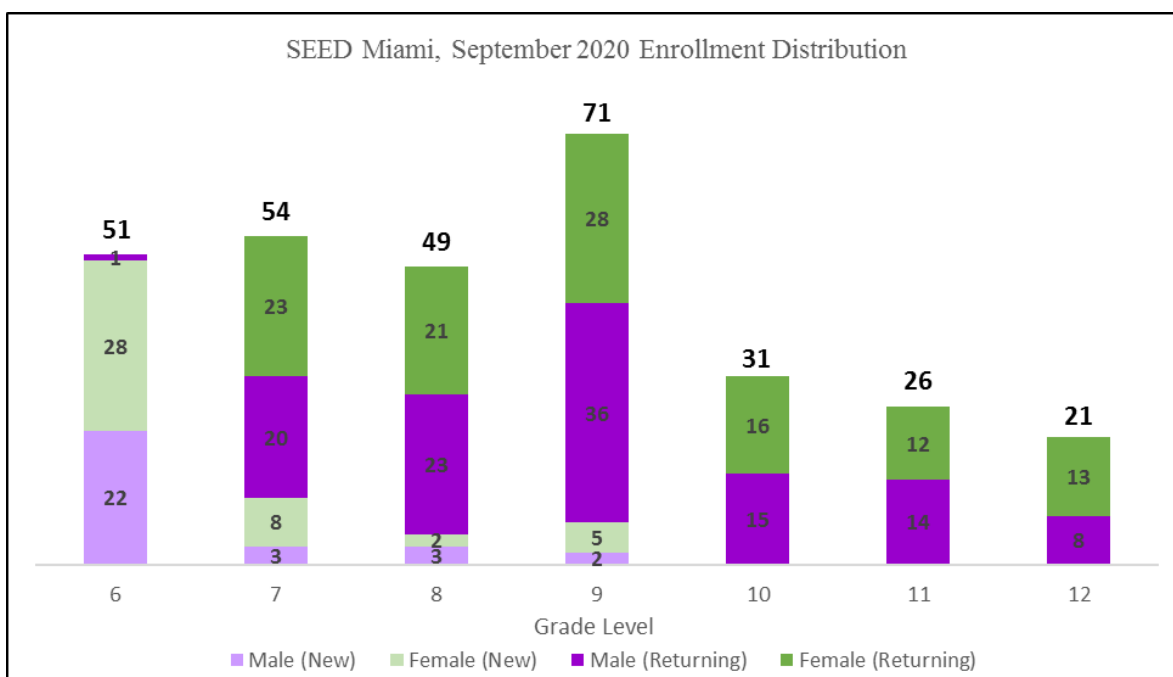
According to state statute, an “eligible SEED student” is defined as a student who is:

- A resident of the state and entitled to attend school in a participating school district,
- At risk of academic failure,
- From a family whose gross income is at or below 200 percent of the federal poverty guidelines, and
- Meets at least one of the following additional risk factors:
 1. The child is in foster care or has been declared an adjudicated dependent by a court.
 2. The student’s head of household is not the student’s custodial parent.
 3. The student resides in a household that receives a housing voucher or has been determined eligible for public housing assistance.
 4. A member of the student’s immediate family has been incarcerated.
 5. The child is covered under the terms of the state’s Child Welfare Waiver Demonstration project with the United States Department of Health and Human Services.

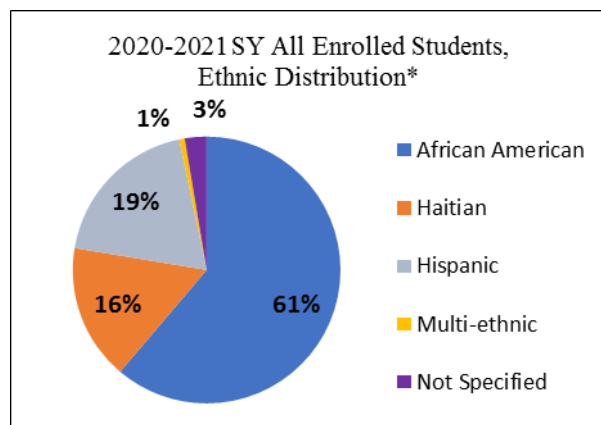
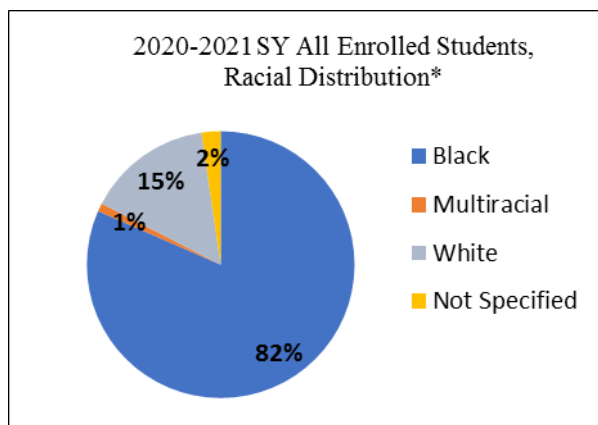
The following chart outlines the percentage of students enrolled for the 2020-2021 school year who met each of the eligibility criteria for admission to SEED. It should be noted that many students meet more than one criterion, as reflected in the percentages below.

Eligibility Criteria	Percentage of Students
Child Welfare Waiver	37.4%
In foster care or is declared an adjudicated dependent	2.6%
Resides with non-custodial adult	9.5%
Eligible for Public Housing	92.5%
Incarcerated Family Member	31.5%

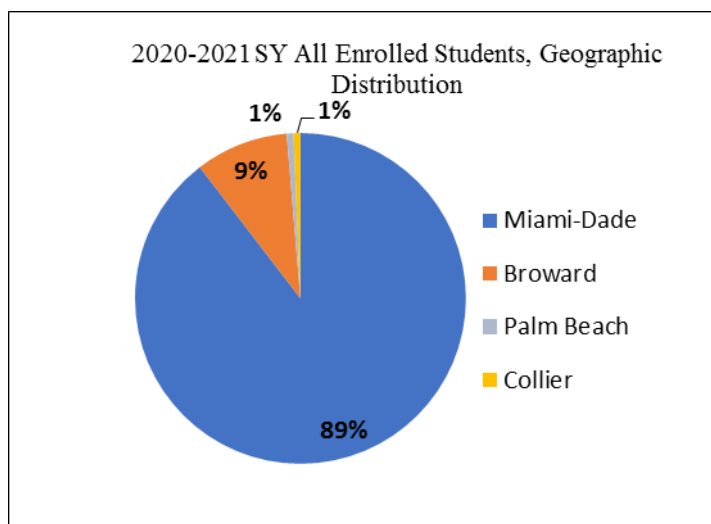
As of the 2020 school year, SEED Miami serves scholars in grades 6-12 with two primary entry points, grade 6 and grade 9. The chart below shows the enrollment distribution as of September 2020.



We are proud to serve students across four counties in South Florida as well as a significant representation across multiple racial/ethnic groups. SEED actively works to represent various cultures and languages throughout the student enrollment process and to celebrate and educate students on the rich traditions, histories, and cultures reflected in our students and staff during the school year.



* This data was collected from student applications and self-reported family responses.



Program Overview

The 2020-2021 school year marked four major milestones for SEED Miami:

- In August 2020, the school reached full grade level capacity and now serves students in grades 6-12
- On October 24, 2020 SEED Miami opened three brand new college-themed dormitory buildings on the 1901 NW 127th Street campus allowing for all academic and residential programs to be hosted on a single campus
- Our Founding scholars, the Class of 2021, earned SEED diplomas in June 2021 and in August embarked on their college journeys at schools across the country to include Wake Forest University, Howard University, Guilford College, and Florida International University.
- The SEED School of Miami was accredited by NCA CASI, NWAC and SACS CASI during the 20-21 school year and also renewed its charter with Miami Dade County Public Schools

Since opening in August 2014, The SEED School of Miami has achieved many accomplishments and demonstrated tenacity and resilience during the early years of operating our public college preparatory boarding school. Below is a snapshot of notable accomplishments over the years of our operation.

SEED Miami History & Highlights

2014-2015 School Year

- The SEED School of Miami opened in August 2014 with 60 scholars in grade 6 on the campus of Florida Memorial University where living and learning were both conducted
- Students benefited from the college co-location model, a daily reminder of the ultimate vision and goal for SEED scholars – college completion
- In the first three quarters of the school year, SEED’s annual attendance target was met and significantly exceeded
- The SEED School of Miami met all three of the FDOE’s benchmark targets for enrollment persistence during the 2014 – 2015 school year

2015-2016 School Year

- SEED Miami served students in grades 6 and 7
- The residential component of SEED’s program continued at Florida Memorial University.
- SEED Miami secured a second location in Miami Gardens (“Washington Square”) for learning. Students were transported between the two campuses each day.
- Both sixth and seventh grade students met SEED’s annual reading level benchmark targets
- 91% of SEED Miami students scored in the “Ready” or “Close” categories on the ACT Aspire Summative Assessment
- SEED Miami offered a robust set of experiences to expose our students to new opportunities this school year. These offerings include over 15 clubs and afterschool activities, a seventh grade Life Science 2-day trip to the Florida Keys, college trips to four local universities, and experiential learning partnerships with the Everglades Foundation and Frost Museum of Science.

2016-2017 School Year

- SEED Miami reached full scale middle school capacity serving students in grades 6-8
- The residential program continued at Florida Memorial University and learning continued at the Washington Square campus
- SEED Miami exceeds all of its enrollment benchmark targets with 92%, 95%, and 90% continued enrollment rates during each reporting period
- SEED Miami students averaged a 92.4% attendance rate throughout the 2016 – 2017 school year
- Whereas 16% of our seventh grade students began the year reading on grade level, 65% of them closed the year reading on a Level Y (7th grade level) or above

- SEED Miami offered a robust set of experiences and opportunities to students. These offerings included over 15 clubs and afterschool activities, college trips to four local universities, and experiential learning partnerships with the Everglades Foundation and the Frost Museum of Science.

2017-2018 School Year

- 90% of students re-enrolled in the school for the 2017 – 2018 school year
- SEED Miami welcomed 9th grade students and began its high school program
- SEED enters into a lease and management agreement with MDCPS. Through the execution of these contracts, SEED began sharing an academic building with the Westview K-8 Center and secured a ground lease with the district that provides the land necessary to begin the construction of our permanent dormitory buildings.
- Sixth, seventh, and eighth grade students all met the annual reading level growth targets
- SEED Miami outperformed SEED Maryland and SEED DC on the ACT Summative Assessments in all three subject areas: Reading, Math and English

2018-2019 School Year

- SEED Miami expanded to serve 6-10th grade students.
- SEED Miami broke ground on three dormitories on the Opa-Locka campus
- 89% of SEED students re-enrolled in the school for the 2018–2019 school year
- Whereas 27% of eighth grade students began the year reading on grade level, 63% of them closed the year reading on a Level Z (8th grade level) or above
- Most SEED Miami students experienced a learning gain on the 2019 MAP Growth Summative examination in Math (67%), Reading (52%), and Language (60%)
- SEED hosts college trips to four local universities, two out-of-state travel experiences, and experiential learning partnerships with local organizations
- In late fall, the boys Flag Football team made it to the League Championship Game, only narrowly missing a win in the final seconds of overtime.

2019-2020 School Year

- Grades 6-11 are offered at SEED Miami
- SEED Miami shifts learning online in mid-March in response to the Covid-19 pandemic. SEED Miami staff shift all 24-hour programs and services from our academic and dormitory buildings to virtual platforms and ensured that children and families – among those most vulnerable – were supported beyond academics. Food support, mental health services, technology and connectivity hardware, school supplies, books, and therapeutic art materials are among the long list of items and services that SEED’s team deployed to the households of our scholars. This multipronged support plan ensures that scholars have basic necessities and could therefore access learning each day.
- The SEED School of Miami meets all three benchmark targets for enrollment during the 2019 – 2020 school year.
- As compared to previous years, SEED Miami has a significantly higher rate of persistence during the third period of the year (June 2020 – August 2020). This is attributed to parental buy-in to SEED’s mission and satisfaction with the additional services provided to our students in both on-site and virtual learning settings. Completion of construction and improvements to the on-site residential component of our program are also of significant satisfaction of students and parents.

2020-2021 School Year

- SEED Miami began the school year on August 31, 2020 in a fully virtual setting serving students in grades 6-12
- On October 24, 2020 SEED Miami opened three brand new college-themed dormitory buildings on the 1901 NW 127th Street campus allowing for all academic and residential programs to be hosted on a single campus
- Our Founding scholars, the Class of 2021, earned SEED diplomas in June 2021 and in August embarked on their college journeys at schools across the country to include Wake Forest University, Howard University, Guilford College, and Florida International University.
- The SEED School of Miami was accredited by NCA CASI, NWAC and SACS CASI during the 20-21 school year and also renewed its charter with Miami Dade County Public Schools

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 Mrs. Kara Locke, Head of School.

SCHOOL LOCATION

The School operates in the Miami area located at 1901 NW 127th Street, Miami, FL 33167.

CAPITAL IMPROVEMENT REQUIREMENT

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to comply 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 sixth year of operations, the School's governmental funds reported an increase of \$1,681,678 in fund balance and had an ending fund balance of \$2,721,044.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2021, amounts to \$9,399,099 (net of accumulated depreciation). This investment in capital assets includes construction in progress of new modular, furniture, equipment and motor vehicles.

CONSTRUCTION NOTE PAYABLE

In December 2018, the School obtained a construction promissory note payable for an amount up to \$9,066,372 for the construction of the mobile and modular facilities. The entire principal and any interest accrued outstanding will be due on December 3, 2025. The loan is collateralized by the mobile and modular facilities. The balance at June 30, 2021, was \$5,541,781.

NOTE PAYABLE

In March 2021, the Academy received loan proceeds of \$1,080,000 through the Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, utilities and interest expense. The loan matures on March 27, 2026 and bears interest of 1.00%. 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 and special revenue fund budget for the fiscal year ended June 30, 2021, 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 the final budget. For the fiscal year ended June 30, 2021, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedules on pages 30 to 31 for additional information.

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,240,086
Due from The SEED Foundation	29,478
TOTAL CURRENT ASSETS	<u>3,269,564</u>
CAPITAL ASSETS	
Furniture and equipment, net	234,420
Motor vehicles, net	-
Construction in progress	9,164,679
TOTAL CAPITAL ASSETS, NET	<u>9,399,099</u>
Deposits held in escrow	<u>3,240,000</u>
TOTAL ASSETS	<u><u>\$ 15,908,663</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued expenses	\$ 548,520
Loan payable - The SEED Foundation	3,000,000
TOTAL CURRENT LIABILITIES	<u>3,548,520</u>
Note payable - long term portion	1,080,000
SBA loan payable	150,000
Construction note payable - long term portion	5,541,781
TOTAL LIABILITIES	<u>10,320,301</u>
NET POSITION	
Invested in capital assets, net of related debt	3,857,318
Unrestricted net position	1,731,044
TOTAL NET POSITION	<u>5,588,362</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 15,908,663</u></u>

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

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 2,889,887	\$ -	\$ 169,781	\$ -	\$ (2,720,106)
Instructional support services	2,995,358	-	-	-	(2,995,358)
School administration	674,449	-	-	-	(674,449)
Fiscal services	1,158,266	-	-	-	(1,158,266)
Food services	139,327	-	-	-	(139,327)
Pupil transportation services	60,940	-	-	-	(60,940)
Operation of plant	1,674,543	-	-	-	(1,674,543)
Maintenance of plant	148,663	-	-	-	(148,663)
Administrative technology services	336,428	-	-	-	(336,428)
Central services	502,339	-	-	-	(502,339)
Interest expense	186,864	-	-	-	(186,864)
Depreciation expense	188,270	-	-	-	(188,270)
Total Governmental Activities	\$ 10,955,334	\$ -	\$ 169,781	\$ -	\$ (10,785,553)

GENERAL REVENUES:

Grants and contributions not restricted to specific programs	1,012,729
Other miscellaneous state revenues	8,422,933
Revenues from state sources	2,006,257
Interest and other revenue	1,136,489
Total general revenues	12,578,408

Change in Net Position 1,792,855

NET POSITION - BEGINNING 3,795,507

NET POSITION - ENDING \$ 5,588,362

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

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021

	Governmental Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,240,086	\$ -	\$ -	\$ 3,240,086
Due from The SEED Foundation	29,478	-	-	29,478
TOTAL ASSETS	<u>\$ 3,269,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,269,564</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	548,520	-	-	548,520
TOTAL LIABILITIES	548,520	-	-	548,520
FUND BALANCE				
Unassigned	2,721,044	-	-	2,721,044
TOTAL FUND BALANCE	<u>2,721,044</u>	<u>-</u>	<u>-</u>	<u>2,721,044</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,269,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,269,564</u>

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

THE MIAMI BOARDING SCHOOL, INC.

d/b/a THE SEED SCHOOL OF MIAMI

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

JUNE 30, 2021

Total Fund Balance - Governmental Funds	\$ 2,721,044
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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 in the fund.

Capital assets	10,069,649
Accumulated depreciation	(670,550)

Other assets held for construction	3,240,000
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Note payable	(1,080,000)
SBA loan payable	(150,000)
Loan payable-The SEED Foundation	(3,000,000)
Loan payable	(5,541,781)

Total Net Position - Governmental Activities	<u>\$ 5,588,362</u>
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The accompanying notes are an integral part of this financial statement.

THE MIAMI BOARDING SCHOOL, INC.**d/b/a THE SEED SCHOOL OF MIAMI****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Revenue from state sources	\$ 2,006,257	\$ -	\$ 2,006,257
Contributions and other grants	1,012,729	-	1,012,729
Other miscellaneous state revenues	8,422,933	-	8,422,933
Federal through state and local	-	169,781	169,781
Interest and other income	11,489	-	11,489
TOTAL REVENUES	11,453,408	169,781	11,623,189
EXPENDITURES			
Current:			
Instruction	1,640,106	1,249,781	2,889,887
Instructional support services	2,995,358	-	2,995,358
School administration	674,449	-	674,449
Facilities acquisition and construction	482,437	-	482,437
Fiscal services	1,158,266	-	1,158,266
Food services	139,327	-	139,327
Pupil transportation services	60,940	-	60,940
Operation of plant	1,674,543	-	1,674,543
Administrative technology services	336,428	-	336,428
Central services	502,339	-	502,339
Maintenance of plant	148,663	-	148,663
Capital Outlay:			
Other capital outlay	221,594	-	221,594
Debt Service:			
Redemption of principal	245,503	-	245,503
Interest	186,864	-	186,864
TOTAL EXPENDITURES	10,466,817	1,249,781	11,716,598
Excess of expenditures over revenues	986,591	(1,080,000)	(93,409)
OTHER FINANCING SOURCES			
Proceeds from long-term financing	695,087	1,080,000	1,775,087
Total other financing sources	695,087	1,080,000	1,775,087
Net change in fund balance	1,681,678	-	1,681,678
Fund balance at beginning of year	1,039,366	-	1,039,366
Fund balance at end of year	<u>\$ 2,721,044</u>	<u>\$ -</u>	<u>\$ 2,721,044</u>

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

THE MIAMI BOARDING SCHOOL, INC.

d/b/a THE SEED SCHOOL OF MIAMI

**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, 2021**

Change in Fund Balance - Governmental Funds	\$ 1,681,678
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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	704,031
Depreciation expense	(188,270)

Repayments of principal	245,503
Forgiveness of debt	1,125,000
Proceeds from financing	(1,775,087)

Change in Net Position of Governmental Activities	<u>\$ 1,792,855</u>
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The accompanying notes are an integral part of this financial statement.

**THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

The Miami Boarding School, Inc. d/b/a The Seed School of Miami, (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 The Miami Boarding 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 ten members.

The SEED School of Miami is a college-preparatory, public boarding charter school for South Florida students. The School’s mission is to provide an outstanding educational program that empowers students to be successful, both academically and socially, in college and beyond. The School is the first of its kind in Florida and the third in the country, serving as a model for additional SEED schools. It was opened and is supported by The SEED Foundation (the “Foundation”), a not-for-profit corporation that opened two similar schools in Washington D.C. and Maryland.

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 “School Board”). The current charter is effective until June 30, 2028. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board 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 School Board may also terminate the charter if good cause is shown. The charter may be renewed for up to an additional 5 years by mutual agreement. These financial statements are for the year ended June 30, 2021, the School’s sixth operating school year, when approximately 290 students were enrolled in the 6th through 11th grade.

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. These statements do not include fiduciary funds.

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.

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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

Special Revenue Fund – 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.

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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide statements report uses 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 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). Any revisions to the annual budget are approved by the Board.

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.

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

Accounts receivable consists of amounts due from contributions and donations.

Due from Other Agencies

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

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 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 and equipment	3 Years
Motor vehicles	5 Years

Compensated Absences

The School grants a specific number of sick/personal days for all full-time 10 month and 12 month employees. Full-time 10 month and 12 month employees are eligible for a total of 7 sick days during a benefit year. Any unused sick days will be forfeited at the end of the benefit year. There is no termination payment for unused sick days. Full-time 10 month and 12 month employees are eligible for a total of 3 personal days during a benefit year. In the event that available personal time is not used by 10 month employees, they would be able to "cash out" the at the current coverage rate at the end of his or her agreement. Full-time 12 month employees are not able to "cash out" personal time. There is no termination payment for unused personal time.

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 days 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.

Government-wide Fund Net Position

Government-wide fund net position 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, 2021, was \$3,857,318.
- Restricted net assets – 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, 2021 was \$0.
- Unrestricted – all other net position is reported in this category.

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021, the School had \$0 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, 2021, the School had \$0 restricted fund balance.
- 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, 2021, there is no committed fund balance.
- Assigned – fund balance classification 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, 2021, 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.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, and committed fund balance at the end of the fiscal year by adjusting journal entries. First, non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2021, there are no minimum fund balance requirements for any of the School’s funds.

Revenue Sources

Revenues for operations will be received primarily from the School Board 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 (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 FTE students reported by the School during the designated FTE student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

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 or as restricted until used. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

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

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.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 15, 2021, which is the date the financial statements were available to be issued.

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired partly with public funds, for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions/Transfers	Balance June 30, 2021
Capital Assets				
Furniture and equipment	\$ 601,082	\$ 221,594	\$ -	\$ 822,676
Motor vehicles	82,294	-	-	82,294
Construction in progress	8,682,242	482,437	-	9,164,679
Total Capital Assets	9,365,618	704,031	-	10,069,649
Less Accumulated Depreciation				
Furniture and equipment	(399,986)	(188,270)	-	(588,256)
Motor vehicles	(82,294)	-	-	(82,294)
Total Accumulated Depreciation	(482,280)	(188,270)	-	(670,550)
Capital Assets, net	\$ 8,883,338	\$ 515,761	\$ -	\$ 9,399,099

Depreciation expense for the year ended June 30, 2021, was \$188,270 and was allocated to fiscal services. In 2017, the School entered into three separate contracts to build mobile and modular facilities at its campus. The approximate total of these signed contracts with change orders is approximately \$14,100,000. As of June 30, 2021, there were \$9,164,679, related to these costs included in construction in progress (See Notes 4 through 6).

NOTE 4 – DEPOSITS HELD IN ESCROW

The School entered into an escrow agreement with the District during the year ended June 30, 2019. The purpose of the escrow is to ensure sufficient funding for the design and construction services as set forth in the agreement between the School and the District for the construction of the mobile and modular facilities at the campus. For the year ended June 30, 2021, the School had transferred through an agreement with the Foundation \$3,240,000. (See Note 5).

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 – LOAN PAYABLE TO THE SEED FOUNDATION

In January 2019, the School entered into a loan agreement with the Foundation to borrow up to an additional \$4,200,000 for the construction of the mobile and modular facilities. The use of the funds will be solely for the purpose of placing funds into an escrow account (See Note 4). The loan bears interest at 5.25% and requires quarterly interest only payments until the maturity of the loan. All principal amounts outstanding are due at maturity two years from the agreement date. The School intends to repay the full amount of the loans through commitments through a fundraising campaign.

The following schedule provides a summary of changes for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Repayments	Balance June 30, 2021
Loan payable	\$ 3,240,000	\$ -	\$ (240,000)	\$ 3,000,000

Future maturities are as follows:

	<u>Year Ended June 30,</u>
2022	3,000,000
Total	<u>\$ 3,000,000</u>

NOTE 6 – CONSTRUCTION NOTE PAYABLE TO FINANCIAL INSTITUTION

In December 2018, the School obtained a construction promissory note payable for an amount up to \$9,066,372 for the construction of the mobile and modular facilities. During the draw period, the interest rate shall be equal to The Wall Street Journal Prime Rate plus 1.00% (4.25% at June 30, 2020). Upon the expiration of the draw period, the interest rate shall be adjusted to a fixed rate equal to the then 5-year treasury rate plus 3.10% through the maturity date on December 3, 2025. During the draw period the loan requires monthly payments of interest only. Commencing on the month after the expiration of the draw period the loan requires monthly payments of principal and interest over a 15-year amortization. The entire principal and any interest accrued outstanding will be due on December 3, 2025. The loan is collateralized by the mobile and modular facilities. The balance at June 30, 2021, was \$5,541,781. The School was in compliance with a debt service coverage ratio of no less than 1.00x.

The following schedule provides a summary of changes for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Repayments	Balance June 30, 2021
Loan payable	\$ 4,996,694	\$ 545,087	\$ -	\$ 5,541,781

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 – CONSTRUCTION NOTE PAYABLE TO FINANCIAL INSTITUTION (Continued)
Future maturities are as follows:

<u>Year Ended June 30,</u>	
2022	\$ -
2023	-
2024	-
2025	<u>5,541,781</u>
Total	<u>\$ 5,541,781</u>

NOTE 7 – NOTE PAYABLE

The School received loan proceeds of \$1,125,000 through the Paycheck Protection Program (“PPP”) in March 2020. The loan proceeds are to be used for payroll, rent, utilities and interest expense. The loan and accrued interest for this loan were forgiven in the current fiscal year end and the entire amount of \$1,125,000 was included in other income on the statement of activities.

In March 2021, the School received a second loan proceeds of \$1,080,000 through the Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, utilities and interest expense. The loan matures on March 2026 and bears annual interest at 1.00%. The loan is payable monthly with a deferral of payments for the first ten months of the date of the loan. 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. The School has used the funds in accordance with the conditions noted above and believes the entire amount of the loan will be forgiven for the fiscal year ended June 30, 2022.

Below is a summary of changes for the year ended June 30, 2021:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Forgiveness</u>	<u>June 30, 2021</u>
Payroll Protection Program #1	\$ 1,125,000	\$ -	\$ (1,125,000)	\$ -
Payroll Protection Program #2	-	1,080,000	-	1,080,000
Total	<u>\$ 1,125,000</u>	<u>\$ 1,080,000</u>	<u>\$ (1,125,000)</u>	<u>\$ 1,080,000</u>

Future maturities are as follows:

<u>Year Ended June 30,</u>	
2022	\$ -
2023 and Thereafter	<u>1,080,000</u>
Total	<u>\$ 1,080,000</u>

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 – SBA NOTE PAYABLE

The School obtained a loan from the Small Business Act (“SBA”) in the amount of \$150,000 in July 2020. The loan payables bear interest at 2.75% and are due in monthly payments of principal and interest totaling \$641 commencing twelve months from the date of the loan. The loan matures in July 2050. The following schedule provides a summary of changes in loan payables for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Repayments	Balance June 30, 2021
SBA loan payable	\$ -	\$ 150,000	\$ -	\$ 150,000

Future maturities are as follows:

<u>Year Ended June 30,</u>	
2022	\$ 3,589
2023	3,712
2024	3,816
2025	3,921
2026 and Thereafter	134,962
Total	<u>\$ 150,000</u>

NOTE 9 – LETTER OF CREDIT

The School obtained an irrevocable letter of credit from a financial institution in the amount not to exceed \$618,961 with The School Board of Miami-Dade County, Florida for the construction of the modular facilities. The letter is dated in June 2019 and is automatically extended annually until completion of the modular project. The modular project was not completed as of June 30, 2021.

NOTE 10 – DUE TO THE SEED FOUNDATION AND RELATED PARTIES

The School was opened and is supported by the Foundation, a non-for-profit corporation that opened two similar schools in Washington D.C. and Maryland. The School entered into an Academic and Management agreement on February 1, 2014 with the Foundation. In accordance with the agreement, the Foundation will provide amongst other things curriculum development, staffing, guidance in finding adequate facilities or completion of construction and renovations, if any, preparation of annual budgets and monthly financial statements, human resource, information technology, and student recruitment. For the services included in the agreement, the School agrees to pay a management fee equal to 5% of the School’s annual approved expense budget. For the year ended June 30, 2021, the School was charged management fees of \$643,988. The initial term of this agreement is for five years from the effective date. It can be renewed for an additional five years following the initial term if approved by each party. During the year ended June 30, 2021, the Foundation provided revenue support of \$33,092 and is included in contributions and other grants on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance. The amount due from The SEED Foundation at June 30, 2021 was \$29,478.

THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The World Health Organization (“WHO”) has declared the coronavirus (COVID-19), a global pandemic and public health emergency. At this point, the School cannot reasonably estimate the extent to which this disruption may continue to impact the School’s financial statements and future results of operations.

The School entered into a ground and operating lease agreement with The School Board of Miami-Dade County, Florida, whereas the School would be allowed to use portions of the facilities located at 1901 NW 127th Street in Miami, Florida, exclusively for the construction and operation of the residential component of a college-preparatory, public boarding charter school for at-risk youth. The effective date of this agreement is August 17, 2017, and expires June 30, 2029. The School will pay an annual lease rate of \$49,759 for the ground lease agreement. The School is responsible for paying a proportionate share of the operating expenses of the facilities, which include routine building and grounds maintenance, trash pick-up, utilities and property insurance. The cost of the operating lease agreement will be determined based on the previous year costs.

For the year ended June 30, 2021, the total amount paid for the year ended June 30, 2020 was \$70,990.

Estimated future minimum lease payments under all leases are as follows:

<u>Year Ended June 30,</u>	
2022	\$ 309,547
2023	309,547
2024	309,547
2025	309,547
2026-2029	<u>1,238,188</u>
Total	<u>\$ 2,476,376</u>

NOTE 12 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in one financial institution. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. Bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2021, bank balances in potential excess of FDIC coverage was \$2,194,310.

NOTE 13 – RETIREMENT PLAN

The School started a 403(B) Retirement Plan (the “Plan”) during the year ended June 30, 2015. Employees of the School are eligible to join the Plan once employed by the School on the first day of the following month hired. The School, at its discretion, may elect to match part of employee contributions based on salary deferrals and pay as of the end of the pay period. Employer contributions can change annually; however, all contributions made by employees and by the School are 100% vested at the time of contribution. The School contributed \$235,014, or 3% of eligible employee wages plus 50% of employee contributions up to 6% for the year ended June 30, 2021.

**THE MIAMI BOARDING SCHOOL, INC.
d/b/a THE SEED SCHOOL OF MIAMI
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 14 – 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 15 – 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.

REQUIRED SUPPLEMENTAL INFORMATION

**THE MIAMI BOARDING SCHOOL, INC.
D/B/A THE SEED SCHOOL OF MIAMI
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Revenue from state sources	\$ 1,950,361	\$ 2,006,257	\$ 2,006,257
Contributions and other grants	1,500,123	1,012,729	1,012,729
Other miscellaneous state revenues	8,749,834	8,422,933	8,422,933
Other income	-	11,489	11,489
TOTAL REVENUES	12,200,318	11,453,408	11,453,408
EXPENDITURES			
Instruction	2,701,648	1,640,106	1,640,106
Instructional support services	2,648,689	2,995,358	2,995,358
Facilities acquisition and construction	100,000	482,437	482,437
School administration	864,893	674,449	674,449
Fiscal services	673,726	1,158,266	1,158,266
Food services	425,000	139,327	139,327
Pupil transportation services	400,000	60,940	60,940
Operation of plant	504,351	1,674,543	1,674,543
Administrative technology services	381,900	336,428	336,428
Central services	504,351	502,339	502,339
Maintenance of plant	483,081	148,663	148,663
Debt service	-	432,367	432,367
Other capital outlay	-	221,594	221,594
TOTAL EXPENDITURES	9,687,639	10,466,817	10,466,817
Change in fund balance before other financing sources	2,512,679	986,591	986,591
Other financing sources	-	695,087	695,087
Net change in fund balance	\$ 2,512,679	\$ 1,681,678	\$ 1,681,678

See accompanying note to the required supplemental information.

**THE MIAMI BOARDING SCHOOL, INC.
D/B/A THE SEED SCHOOL OF MIAMI
CHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal through state and local	\$ 183,057	\$ 169,781	\$ 169,781
TOTAL REVENUES	183,057	169,781	169,781
EXPENDITURES			
Instruction	183,057	1,249,781	1,249,781
TOTAL EXPENDITURES	183,057	1,249,781	1,249,781
Change in fund balance before other financing sources	-	(1,080,000)	(1,080,000)
Other financing sources	-	1,080,000	1,080,000
Net change in fund balance	\$ -	\$ -	\$ -

See accompanying note to the required supplemental information.

**THE MIAMI BOARDING SCHOOL, INC.
D/B/A THE SEED SCHOOL OF MIAMI
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021, 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, capital project, and special revenue 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).



Verdeja • De Armas • Trujillo

Certified Public Accountants and Advisors



Octavio F. Verdeja, Founder - 1971

Manny Alvarez, C.P.A.
Monique Bustamante, C.P.A.
Pedro M. De Armas, C.P.A.
Eric E. Santa Maria, C.P.A.
Alejandro M. Trujillo, C.P.A.
Octavio A. Verdeja, C.P.A.
Tab Verdeja, C.P.A.

Michelle del Sol, C.P.A.
Cristy C. Rubio, C.P.A.
Tommy Trujillo, C.P.A.
Javier Verdeja, C.P.A.

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
The Miami Boarding School, Inc.
d/b/a The Seed School of Miami
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 each major fund of The Miami Boarding School, Inc. d/b/a The Seed School of Miami (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 15, 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 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 15, 2021



MANAGEMENT LETTER

Board of Directors of
The Miami Boarding School, Inc.
d/b/a The Seed School of Miami
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of The Miami Boarding School, Inc. d/b/a The Seed School of Miami (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, 2021, and have issued our report thereon dated September 15, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 15, 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 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 school is The Miami Boarding School, Inc. d/b/a The Seed School of Miami and #136018.

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, 2021 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 that we report 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 maintains the most recent governing board minutes on its web site.

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 The Miami Boarding 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 15, 2021