

**ACADEMY FOR INTERNATIONAL EDUCATION
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORTS THEREON**

JUNE 30, 2022

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Sotolongo & Associates, P.A.

Certified Public Accountants

Report of Independent Auditors on Basic Financial Statements and Required Supplementary Information

To the Board of Directors of
Academy for International Education
Upper Charter School for Science and Technology
Miami Springs, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Academy for International Education Upper Charter School for Science and Technology (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Academy for International Education Upper Charter School for Science and Technology, as of June 30, 2022, 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.

Emphasis of Matters

Change in Accounting Principle - GASBS 87

As described in Note 1 to the financial statements, the School adopted the Statement of the Governmental Accounting Standards Board (GASBS) No. 87- *Leases*. The adoption did not result in any changes to beginning net position or fund balances. Our opinion is not modified with respect to this matter.

Reporting Entity

As described in Note 1 to the financial statements, the accompanying financial statements present the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2022, and the respective changes in financial position for the year then ended, and not the financial statements of Miami-Dade Foundation for Educational Innovation, Inc. (the School's operator). Our opinion is not modified with respect to this matter.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–10 and 32–33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 10, 2022, on our consideration of Academy for International Education Upper Charter School for Science and Technology '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 the effectiveness of the Academy for International Education Upper Charter School for Science and Technology's 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 Academy for International Education Upper Charter School for Science and Technology's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Sotolongo & Associates, P.A." The signature is written in a cursive, flowing style.

Miami, Florida
September 10, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Academy for International Education Upper Charter School for Science and Technology (the "School") presents Management's Discussion and Analysis, which is intended to provide an overview of the School's financial position and changes in financial position for the fiscal year ended June 30, 2022.

Since the focus of the Management's Discussion and Analysis (MD&A) is on the current year activities, resulting changes and currently known facts, it should be read in conjunction with the School's financial statements, including the accompanying notes.

FINANCIAL HIGHLIGHTS

The following are among the major financial highlights:

- The year ended June 30, 2022, was the School's third year of operations.
- At June 30, 2022, the School had a net position of approximately \$1,133,000.
- At June 30, 2022, the School had current assets of approximately \$881,000.
- For the year ended June 30, 2022, the School's expenses exceeded revenues by approximately \$284,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements and the notes thereto, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the independent auditors' report on compliance and internal control required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Florida Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities, The Florida Virtual School, and Virtual Instruction Program Providers*.

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements
		Governmental Funds
Scope	Entire school not including fiduciary	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net position and statement of activities	Balance sheet and statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position is an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no major business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School uses or may use the following types of funds:

- *General Fund* – is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- *Special Revenue Funds* – account for specific revenue, such as federal grants, that is legally restricted to expenditures for particular purposes.
- *Capital Projects Fund* – accounts for the financial resources accumulated that are restricted for capital outlays.
- *Debt Service Fund* – accounts for accumulation of resources for, and the payment of, general long-term debt.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The following table provides the School's net position as of June 30, 2022 and 2021:

	Governmental Activities		Amount Increase (Decrease)
	2022	2021	
Current and other assets	\$ 881,095	\$ 799,925	\$ 81,170
Capital assets, net	1,729,927	1,447,704	282,223
Total assets	<u>2,611,022</u>	<u>2,247,629</u>	<u>363,393</u>
Current and other liabilities	202,532	652,042	(449,510)
Noncurrent liabilities - due within one year	127,193	35,662	91,531
Noncurrent liabilities - due in more than one year	1,148,346	142,648	1,005,698
Total liabilities	<u>1,478,071</u>	<u>830,352</u>	<u>647,719</u>
Net position			
Net investment in capital assets	1,615,118	1,447,704	167,414
Unrestricted	<u>(482,167)</u>	<u>(30,427)</u>	<u>(451,740)</u>
Total net position	<u>\$ 1,132,951</u>	<u>\$ 1,417,277</u>	<u>\$ (284,326)</u>

Current and other assets increased primarily because at June 30, 2022, the School had a receivable from the Lower School (see Note 6 to the financial statements) for an Economic Injury Disaster Loan (EIDL) obtained by the School's operator. Capital assets increased due to planned capital outlay expenditures exceeding depreciation and amortization, and the addition of the right-to-use asset to capital assets due to the implementation of GASBS 87 (Note 1 to the financial statements). Current and other liabilities decreased due to lower accruals for payroll and reductions of amounts due to the Lower School. Noncurrent liabilities increased due to additional debt related to the EIDL loan and the recorded lease liability related to GASBS 87. The change in total net position was due to the current year operating deficit.

Change in Net Position

The following table compares the changes in the School's net position from its activities for the fiscal years ended June 30, 2022 and 2021:

	Governmental Activities		Amount
	2022	2021	Increase (Decrease)
Revenues:			
Federal through state – grants	\$ 599,541	\$ 1,263,809	\$ (664,268)
State sources	3,421,585	3,014,293	407,292
Local sources	50,763	24,290	26,473
Contributions and other revenue	42,796	64,395	(21,599)
PPP loan forgiveness	-	290,499	(290,499)
Total revenues	4,114,685	4,657,286	(542,601)
Expenses:			
Instruction	2,178,290	1,883,214	295,076
Student support services	310,196	191,748	118,448
Instruction-related technology	18,323	33,041	(14,718)
Professional development	41,269	-	41,269
Board	54,071	53,343	728
General administration	273,226	260,007	13,219
School administration	761,522	563,489	198,033
Fiscal services	15,434	23,222	(7,788)
Central services	41,448	11,564	29,884
Pupil transportation	15,090	4,704	10,386
Operation and maintenance of plant	667,571	531,529	136,042
Interest - EIDL loan	18,082	-	18,082
Interest - Lease liability	4,489	-	4,489
Total expenses	4,399,011	3,555,861	843,150
Change in net position	\$ (284,326)	\$ 1,101,425	\$ (1,385,751)

Decreases in revenues were primarily because the School received less federal grants, and the Paycheck Protection Program (PPP) loan forgiveness was received during the year ended June 30, 2021. Expenses increased primarily as a result of accommodating additional students because the School added grade eleven.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial information is presented separately in the Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

As the School completed the fiscal year, its governmental funds reported a combined fund balance of \$678,563. Both revenues and expenditures increased overall for the same reasons described above for the governmental activities. In addition, expenditures increased due to capital outlay expenditures mentioned below.

Budgetary Highlights

Budget amendments, if necessary, generally fall into three categories:

- Changes made to account for changes in student enrollment.
- Increases in appropriations to prevent certain budget overruns.
- Increases in grant revenue.

As shown in the accompanying budgetary comparison schedule – general fund, for the year ended June 30, 2022, actual general fund revenues were approximately \$616,000 below the final budgeted amounts. Actual general fund expenditures were approximately \$25,000 below the final budgeted amount. For the year ended June 30, 2022, revenues were below budgeted amounts primarily because the budget included revenues that were accounted for in the special revenue funds. Instruction expenditures were below the budgeted amount also because certain instruction expenditures were accounted for in the special revenue funds. In addition, certain capital outlay expenditures were budgeted to the instruction function and facilities acquisition and construction function and were accounted for in the capital outlay function. The notes to the budgetary comparison schedule – general fund also include a budgetary comparison schedule for all of the governmental funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the School had capital assets, net of accumulated depreciation and amortization, of \$1,729,927. During the year ended June 30, 2022, the School invested \$423,188 for leasehold improvements, furniture and equipment, and construction in progress. There were no capital asset disposals in the current year. In addition, as a result of implementing GASBS 87, the School recorded a right-to-use lease asset of \$203,860. More detailed information about the School's capital assets, including the right-to-use lease asset, is presented in Note 2 to the financial statements.

Noncurrent Liabilities

As of June 30, 2022, the School had \$1,275,539 of noncurrent liabilities outstanding. During the year ended June 30, 2022, the School obtained an EIDL loan, which had a balance of \$1,018,082 at the end of the year. In addition, at end of year the school had a lease liability as a result of the implementation of GASBS 87 of \$114,809. More detailed information about the School's noncurrent liabilities is presented in Note 3 to the financial statements.

ECONOMIC FACTORS

As a charter school, the School receives most of its funding from FEFP, which are primarily State funds. The State of Florida, by constitution, does not have a state personal income tax; therefore, the state operates primarily using sales, gasoline and corporate income taxes.

NEXT YEAR'S BUDGET

As further described in Note 11 to the financial statements, effective July 1, 2022, the School will be consolidated with an affiliated school. The original combined budget for the consolidated schools shows the combined governmental funds revenue to be \$10,397,571. Budgeted combined governmental fund expenditures are expected to be \$8,563,664. If the estimates for the budget are realized, the consolidated schools' combined governmental funds are expected to increase for the year ending June 30, 2023.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1080 La Baron Drive, Miami Springs, FL 33166.

**ACADEMY FOR INTERNATIONAL EDUCATION
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

STATEMENT OF NET POSITION

JUNE 30, 2022

		Governmental Activities
ASSETS		
Cash and cash equivalents		\$ 103,014
Prepaid expenses		25,752
Grants and other receivables		176,638
Due from Lower School		575,691
Capital Assets:		
Right-to-use lease assets	\$ 203,860	
Leasehold improvements	776,938	
Furniture and equipment	1,110,628	
Construction in progress	126,043	
Total capital assets	2,217,469	
Less accumulated depreciation and amortization	(487,542)	
Total capital assets, net		1,729,927
Total assets		\$ 2,611,022
LIABILITIES		
Salaries payable and other accrued expenses		\$ 202,532
Noncurrent liability:		
Due within one year:		
Payable to The School Board of Miami-Dade County, Florida		35,662
Lease liability		91,531
Due in more than one year:		
Payable to The School Board of Miami-Dade County, Florida		106,986
EIDL loan		1,018,082
Lease liability		23,278
Total liabilities		1,478,071
NET POSITION		
Net investment in capital assets		1,615,118
Unrestricted		(482,167)
Total net position		1,132,951
Total liabilities and net position		\$ 2,611,022

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

**ACADEMY FOR INTERNATIONAL EDUCATION
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instruction	\$ 2,178,290	\$ 20,242	\$ 463,760	\$ -	\$ (1,694,288)	\$ (1,694,288)
Student support services	310,196	-	81,985	-	(228,211)	(228,211)
Instruction-related technology	18,323	-	8,774	-	(9,549)	(9,549)
Professional development	41,269	-	3,236	-	(38,033)	(38,033)
Board	54,071	-	-	-	(54,071)	(54,071)
General administration	273,226	-	-	-	(273,226)	(273,226)
School administration	761,522	-	28,856	-	(732,666)	(732,666)
Fiscal services	15,434	-	-	-	(15,434)	(15,434)
Central services	41,448	-	-	-	(41,448)	(41,448)
Pupil transportation	15,090	-	-	-	(15,090)	(15,090)
Operation and maintenance of plant	667,571	-	43,451	-	(624,120)	(624,120)
Interest - EIDL loan	18,082	-	-	-	(18,082)	(18,082)
Interest - Lease liability	4,489	-	-	-	(4,489)	(4,489)
Total governmental activities	\$ 4,399,011	\$ 20,242	\$ 630,062	\$ -	(3,748,707)	(3,748,707)
			General revenues:			
			State sources		3,421,585	3,421,585
			Contributions and other revenue		42,796	42,796
			Total general revenues		<u>3,464,381</u>	<u>3,464,381</u>
			Change in net position		(284,326)	(284,326)
			Net position at beginning of year		<u>1,417,277</u>	<u>1,417,277</u>
			Net position at end of year		<u>\$ 1,132,951</u>	<u>\$ 1,132,951</u>

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

**ACADEMY FOR INTERNATIONAL EDUCATION
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2022

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 103,014
Prepaid expenses	25,752
Grants and other receivables	176,638
Due from Lower School	<u>575,691</u>
 Total assets	 <u><u>\$ 881,095</u></u>
 LIABILITIES AND FUND BALANCE	
 Salaries payable and other accrued expenses	 <u>\$ 202,532</u>
 Total liabilities	 <u>202,532</u>
 Fund balance:	
Nonspendable	25,752
Unassigned	<u>652,811</u>
 Total fund balance	 <u>678,563</u>
 Total liabilities and fund balance	 <u><u>\$ 881,095</u></u>

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

**ACADEMY FOR INTERNATIONAL EDUCATION
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

JUNE 30, 2022

Total fund balance – governmental fund **\$ 678,563**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

The cost of capital assets is:	\$ 2,217,469	
Related accumulated depreciation and amortization is:	<u>(487,542)</u>	
Total capital assets, net		1,729,927

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:

Due within one year:	(127,193)	
Due in more than one year:	<u>(1,148,346)</u>	
		<u>(1,275,539)</u>

Total net position – governmental activities **\$ 1,132,951**

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

**ACADEMY FOR INTERNATIONAL EDUCATION
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue and Debt Service Funds - (Nonmajor)	Total Governmental Funds
REVENUES			
Federal through state – grants	\$ -	\$ 599,541	\$ 599,541
State sources	3,421,585	-	3,421,585
Local sources	20,242	30,521	50,763
Contributions and other revenue	42,796	-	42,796
Total revenues	<u>3,484,623</u>	<u>630,062</u>	<u>4,114,685</u>
EXPENDITURES			
Current:			
Instruction	1,551,782	423,131	1,974,913
Student support services	228,211	81,985	310,196
Instruction-related technology	9,549	8,774	18,323
Professional development	38,033	3,236	41,269
Board	54,071	-	54,071
General administration	273,226	-	273,226
School administration	681,822	28,856	710,678
Fiscal services	15,434	-	15,434
Central services	41,448	-	41,448
Pupil transportation	15,090	-	15,090
Operation and maintenance of plant	533,516	43,451	576,967
Debt service			
Payments of amounts due to The School Board of Miami-Dade County, Florida	-	35,662	35,662
Interest expense - lease liability	4,489	-	4,489
Payments on lease liability	89,051	-	89,051
Capital outlay	392,407	30,781	423,188
Total expenditures	<u>3,928,129</u>	<u>655,876</u>	<u>4,584,005</u>
Excess (deficiency) of revenues over (under) expenditures	(443,506)	(25,814)	(469,320)
Other financing sources			
Proceeds from EIDL Loan	1,000,000	-	1,000,000
Transfers in	9,848	35,662	45,510
Transfers out	(35,662)	(9,848)	(45,510)
Total other financing sources	<u>974,186</u>	<u>25,814</u>	<u>1,000,000</u>
Net changes in fund balances	530,680	-	530,680
Fund balance at beginning of year	<u>147,883</u>	<u>-</u>	<u>147,883</u>
Fund balance at end of year	<u>\$ 678,563</u>	<u>\$ -</u>	<u>\$ 678,563</u>

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

**ACADEMY FOR INTERNATIONAL EDUCATION
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
.A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2022

Net changes in fund balances – total governmental funds **\$ 530,680**

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

Governmental funds report capital outlays as expenditures. In the statement of activities the cost of capital acquisitions are allocated over their estimated useful lives and reported as depreciation and amortization expense.

The amount by which capital outlays exceeds depreciation and amortization is calculated as follows:

Capital outlays	\$	423,188	
Depreciation and amortization		<u>(344,825)</u>	
			78,363

The issuance of noncurrent debt provides current financial resources to governmental funds. This amount represents the current year additions to noncurrent debt. (1,018,082)

Payments of principal on financings reducing current financial resources 124,713

Change in net position of governmental activities **\$ (284,326)**

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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

NOTE – 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Academy for International Education Upper Charter School for Science and Technology (the "School") is operated by Miami-Dade Foundation for Educational Innovation, Inc. (MDFEI), 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 not-for-profit corporation Board of Directors, which is composed of no less than three and no more than nine members. The school year 2021-2022 was the School's third year of operations. The accompanying financial statements present the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2022, and the respective changes in financial position for the year then ended, and not the financial statements of MDFEI.

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 School Board of Miami-Dade County, Florida (the "School Board"). The current charter is effective until June 30, 2034, and may be renewed by mutual written agreement between the School and the School Board. 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 this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is sponsored by the School Board and is considered to be a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School follows generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

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JUNE 30, 2022 (Continued)

Basis of presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. These statements report all activities of the School and its component units, and do not include fiduciary funds. Any internal interfund activity has been eliminated from these financial statements. The statement of net position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. 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 capital grants specific to capital outlay, other grants, and charges to recipients for goods and services associated with programs. Other revenue sources not properly included with program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Capital Projects Fund – to account for the financial resources accumulated that are restricted for capital outlays. For the year ended June 30, 2022, no such activity occurred.
- Special Revenue Funds – to account for the proceeds of specific revenue sources restricted by law or administrative action to expenditure for specific purposes.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

- Debt Service Fund – to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

For purposes of these statements, the general fund is considered a major fund. The debt service fund and special revenue funds are considered nonmajor funds.

Basis of accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year 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. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and balance sheet - governmental funds, and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

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 and purchased services).

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

Deposits and investments

The School maintains its cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, MDFEI is entitled to aggregate coverage of \$250,000. MDFEI had deposits with custodial credit risk exposure in excess of FDIC coverage totaling approximately \$2,493,000.

The School has not formally adopted an investment policy regarding custodial credit risk; however, Management of the School believes the stability and financial strength of the financial institution significantly reduces the custodial credit risk.

Inventories

Inventories consist of expendable unused books and instructional materials held by the School, which are carried at cost using the first-in, first-out method and using the consumption method.

Capital assets, depreciation and amortization

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Capital assets reflected on the statement of net position are reported at cost, or at the acquisition value of the assets if received via a gift, and net of accumulated depreciation and amortization. For purposes of recording capital assets, the School has a capitalization threshold of \$1,000. Certain bulk capital asset purchases with individual assets that are less than \$1,000 may also be capitalized depending on materiality.

The School considers that capital assets, other than the right-to-use lease asset, are used primarily by the instructional and school administration function and has derived an allocation percentage of 80% and 20%, respectively, for such functions. The right-to-use lease asset is amortized to the operation and maintenance of plant function. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Leasehold improvements	4 – 15
Furniture, fixtures and equipment	4 – 10

The estimated useful life of leasehold improvements is the lesser of the asset's respective useful life or the remaining term of the lease.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

Income taxes

Miami-Dade Foundation for Educational Innovation, Inc. ("MDFEI") is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. MDFEI has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. MDFEI assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that MDFEI believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service ("IRS") or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the School's financial statements, as MDFEI believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same "more likely than not" measurement threshold.

Revenue sources

Revenues for current operations are received primarily from the School Board of Miami-Dade County, Florida pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education ("FDOE") by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the 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 weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. This administrative fee is calculated on the FEFP revenue up to 250 students. The administrative fee charged by the School Board during the year ended June 30, 2022, was \$88,426.

Revenues received from the School Board of Miami-Dade County, Florida are recognized when considered earned, which is generally in the month the moneys are received.

The School may receive federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For 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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

Net Position and Fund Balance Classifications

Government-wide financial statements

Net position is classified and displayed in three components:

1. Net investment in capital assets – consists of capital assets, including right-to-use lease assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
2. Restricted net position – consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. Management believes there are no restrictions on net position.
3. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

Generally accepted accounting principles define the different types of fund balances that a governmental entity must use for financial reporting purposes. Fund balance amounts are to be properly reported within one of the fund balance categories listed below:

1. Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans, and notes receivable, and property held for sale (unless the proceeds are restricted committed or assigned). All nonspendable fund balances at year end relate to assets not in spendable form.
2. Restricted – fund balance associated with amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2022, the School did not have any restricted fund balances.
3. 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, 2022, the School did not have any committed fund balances.
4. Assigned – fund balance classification includes amounts 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, 2022, the School did not have assigned fund balances.
5. Unassigned – fund balance classification is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

Fund balance spending policy

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, and then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the School's board of directors. There are no minimum fund balance requirements for any of the School's funds.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has no items that meet this criterion. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has no items that meet this criterion.

Interfund Activity

From time to time, the School may have interfund activity. This activity is eliminated in the government wide financial statements.

Recent accounting pronouncements

In June 2017, the GASB issued Statement of the Governmental Accounting Standards Board (GASBS) No. 87 - *Leases*. This Statement requires the 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 this statement are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The School adopted this Statement for the year ended June 30, 2022. The adoption did not result in any changes to previously reported amounts of net position or fund balances. See Notes 2, 3 and 7 for additional information on the School's leases.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

NOTE – 2 CHANGES IN CAPITAL ASSETS

Capital asset activity, including the School's right-to-use lease asset, for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Right-to-use asset - leased modulars	\$ 203,860	\$ -	\$ -	\$ 203,860
Leasehold improvements	605,236	171,702	-	776,938
Furniture and equipment	963,353	147,275	-	1,110,628
Construction in progress	<u>21,832</u>	<u>104,211</u>	<u>-</u>	<u>126,043</u>
Total capital assets	<u>1,794,281</u>	<u>423,188</u>	<u>-</u>	<u>2,217,469</u>
Less accumulated amortization for				
Right-to use asset - leased modulars	-	(90,604)	-	(90,604)
Less accumulated depreciation				
and amortization for other capital assets				
Leasehold improvements	(21,034)	(52,605)	-	(73,639)
Furniture and equipment	<u>(121,683)</u>	<u>(201,616)</u>	<u>-</u>	<u>(323,299)</u>
Total accumulated depreciation				
and amortization	<u>(142,717)</u>	<u>(344,825)</u>	<u>-</u>	<u>(487,542)</u>
Governmental activities				
capital assets, net	<u>\$ 1,651,564</u>	<u>\$ 78,363</u>	<u>\$ -</u>	<u>\$ 1,729,927</u>

The construction in progress had not been placed in service at June 30, 2022, and was not depreciated during the year. These assets are expected to be placed in service for the year ending June 30, 2023.

Depreciation and amortization expense were charged to functions as follows:

Governmental activities:	
Instruction	\$ 203,377
School administration	50,844
Operation and maintenance of plant	<u>90,604</u>
Total depreciation and amortization	<u>\$ 344,825</u>

As a result of the adoption of GASBS 87, the School recorded a right-to-use lease asset for certain modular equipment as of the beginning of the year. See Note 7 for additional information regarding the School's leases. The activity related to the lease liability is shown on Note 3.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

NOTE – 3 NONCURRENT LIABILITIES

Due to Miami-Dade County School Board

In June 2021, the School Board agreed to allow the School to postpone the payment of the School Board's management fee for the year ended June 30, 2021, of \$178,310. The amount due is to be paid in five annual installments of \$35,662, beginning in June 2022 through June 2026. The School Board may deduct amounts due from the July FEFP payments if they do not receive the required installment by the due date.

Lease Liability

As a result of implementing GASBS 87, the School recorded a lease liability as of the beginning of the year. The School has a lease for certain modular equipment, which is further described in Note 7.

EIDL Loan

In November 2021, MDFEI obtained an Economic Injury Disaster Loan (EIDL) from the United States Small Business Administration (SBA). The principal amount of the EIDL Loan is \$2,000,000, of which \$1,000,000 was allocated to the School and the other half to the Lower School (Note 6). The proceeds are to be used for working capital purposes pursuant to the EIDL loan agreement. Interest on the EIDL Loan accrues at the rate of 2.75% per annum, and installment payments, including principal and interest, are due monthly beginning thirty months from the date of the EIDL Loan. The balance of principal and interest is payable thirty years from the date of the promissory note. In connection with the EIDL Loan, MDFEI provided a blanket security on substantially all of its assets. Interest expense recognized by the School for the year ended June 30, 2022, is \$18,082, which was added to the EIDL loan principal balance at end of year.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

The following summarizes the activity for the noncurrent liabilities during the year ended June 30, 2022:

	Due to Miami-Dade County School Board	EIDL Loan	Lease Liability	Total
Balance outstanding at beginning of year	\$ 178,310	\$ -	\$ 203,860	\$ 382,170
Additions	-	1,018,082	-	1,018,082
Reductions	(35,662)	-	(89,051)	(124,713)
Balance outstanding at end of year	<u>\$ 142,648</u>	<u>\$ 1,018,082</u>	<u>\$ 114,809</u>	<u>\$ 1,275,539</u>
Amount due within one year	<u>\$ 35,662</u>	<u>\$ -</u>	<u>\$ 91,531</u>	<u>\$ 127,193</u>

All expenditures for debt service pertaining to noncurrent liabilities are paid out of the debt service fund. The general fund transfers to the debt service fund the required amounts necessary to fund the debt service expenditures.

The following table summarizes the School's future debt service as of June 30, 2022:

Year ending June 30,	School Board Principal	EIDL Loan Principal	Interest - EIDL Loan	Lease Liability Principal	Interest - Lease Liability
2023	\$ 35,662	\$ -	\$ 27,997	\$ 91,531	\$ 2,009
2024	35,662	4,139	27,997	23,278	107
2025	35,662	25,241	27,567	-	-
2026	35,662	25,944	26,863	-	-
2027	-	26,667	26,141	-	-
2028 - 2032	-	144,895	119,144	-	-
2033- 2037	-	166,227	97,813	-	-
2038 - 2042	-	190,699	73,341	-	-
2043 - 2047	-	218,774	45,265	-	-
2048 - 2051	-	215,496	13,341	-	-
	<u>\$ 142,648</u>	<u>\$ 1,018,082</u>	<u>\$ 485,469</u>	<u>\$ 114,809</u>	<u>\$ 2,116</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

NOTE – 4 STATE AND PROGRAM REVENUES

The following is a schedule of state revenue sources for the year ended June 30, 2022:

Florida Education Finance Program	\$ 2,819,009
Class size reduction	452,712
SAFE Schools	31,266
FL Teachers Classroom Supply	8,840
Teacher Salary Increase Allocation	85,761
Other	<u>23,997</u>
Total	<u><u>\$ 3,421,585</u></u>

The following is a schedule of program revenues which offset expenses reported on the statement of activities for the year ended June 30, 2022:

Program Revenues - Federal:	
Title I	\$ 154,030
Title III	2,010
Title IV	18,335
ESSER II - Various	312,753
Other Cares Act Grants - Various	<u>112,413</u>
Total	599,541
 Program Revenues - Local	 <u>30,521</u>
Total Program Revenues	<u><u>\$ 630,062</u></u>

These program revenues offset the given functions as they are directly connected with those respective functions. In addition, the School charged approximately \$20,000 related to certain fees, which also offset their respective function.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

NOTE – 5 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property insurance coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settlement amounts have historically not exceeded insurance coverage. In addition, for the year ended June 30, 2022, there were no reductions in insurance coverage from those in the prior year.

NOTE – 6 TRANSACTIONS WITH THE LOWER SCHOOL

For the year ended June 30, 2022, the School had amounts due to and from the Academy for International Education (the "Lower School"). The Lower School is an affiliated school that is also operated by MDFEI and shares the facility and certain educational and administrative costs with the School, including occupancy costs and certain personnel. The allocation of expenses between the School and the Lower School is based on use of space and effort calculations as determined by the management of both schools. As of June 30, 2022, the School was owed approximately \$576,000 from the Lower School for its allocation of the proceeds of the EIDL loan borrowing, net of advances and payments the Lower School paid on the School's behalf.

NOTE – 7 COMMITMENTS AND CONTINGENT LIABILITIES

The School receives a majority of its funding from the School Board under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School from time to time may participate in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of Management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures, which may be disallowed by federal or state grantor agencies, would not be material to the financial position of the School.

Legal matters

In the normal course of conducting its operations, the School may become party to legal actions and proceedings. In the opinion of Management, the ultimate resolution of such legal matters, if any, will not have a significant adverse effect on the accompanying financial statements.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

Lease commitments

MDFEI leases the School's facilities, inclusive of all classrooms, parking and ancillary spaces, located in Miami Springs, Florida from the School Board. The lease has been amended to extend the term through June 30, 2034. MDFEI's obligation under the lease is the proportionate share of the facility's operating expenses. Pursuant to the lease agreement, the amount of the operating expense is adjusted to the preceding year's reported actual cost per square foot for these services. For the year ended June 30, 2022, MDFEI's lease payment obligation was based on the base operating expenses for a recent period as calculated from time to time by the School Board. The lease payment obligation is split between the School and the Lower School (see Note 6).

The School's total expense related MDFEI's lease with the School Board during the year ended June 30, 2022, was approximately \$129,000 and is included in the accompanying financial statements under the caption operation and maintenance of plant.

The following is a schedule of estimated noncancelable future minimum lease payments as of June 30, 2022 with the School Board:

Year ending June 30,	
2023	\$ 257,532
2024	257,532
2025	257,532
2026	257,532
2027	257,532
2028 - 2032	1,287,660
2033 - 2034	515,064
Total	<u>\$ 3,090,384</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

The future minimum lease payments to the School Board, which is included in the above schedule, are based on current calculated operating cost amounts based on square footage currently being occupied by MDFEI. The School is allocated a portion of MDFEI's lease costs, which is currently 50% based on the number of classrooms occupied by the School. The remaining lease costs are allocated to the Lower School.

Because the above-mentioned lease payments are not considered to be fixed, as they are based on prior base operating expenses for a calculated period, a right-to-use lease asset and corresponding lease liability is not required to be recorded pursuant to GASBS 87.

The School has four leases for modular classroom equipment. Two of which are on a month-to-month basis and the other two have lease terms expiring at various dates through September 2023. For the year ended June 30, 2022, the total payments for the modular classroom equipment leases, which are not included in the measurement of the lease liability was approximately \$136,000 and is included in the accompanying financial statements under the caption operation and maintenance of plant. See Notes 2 and 3 for additional information regarding the right-to-use lease asset and liability, respectively.

NOTE – 8 MANAGEMENT AGREEMENT

The School has a management agreement ("Agreement") with the School Board to provide management and administration services to the School. The Agreement is in effect through June 30, 2034. The management fee under the Agreement is derived based on the number of students attending the School. For the year ended June 30, 2022, management fees totaled \$184,800 and are included in the accompanying financial statements under the caption of general administration expense/expenditure.

**ACADEMY FOR INTERNATIONAL EDUCATION
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 (Continued)

NOTE – 9 DEFINED CONTRIBUTION PLAN

The School's employees are eligible to participate in a 401(k) Profit Sharing Plan ("the Plan"), which was made available by the School's payroll provider. The Plan is considered a Defined Contribution Plan and is available to employees that meet certain eligibility criteria. The name of the Plan is Miami-Dade Foundation 401(k) Profit Sharing Plan & Trust. For the year ended June 30, 2022, the School did not contribute to the Plan.

NOTE – 10 COVID-19

Management of the School is unable to determine the duration and extent of the financial impact that COVID-19 will have on the School, if any.

NOTE – 11 SUBSEQUENT EVENTS

Effective July 1, 2022, the School Board of Miami-Dade County approved the consolidation of the School with the Lower School. The name of the new school is Academy for Innovative Education (K-12), and it remains located at 1080 La Baron Drive, Miami Springs, FL 33166. This consolidation will offer students a continuity of educational and extra-curricular services from kindergarten through grade 12. Academy for Innovative Education expects to hold its first graduation on June 1, 2023.

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>GAAP Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
REVENUES				
Federal through state – grants	\$ 730,075	\$ 670,564	\$ -	\$ (670,564)
State sources	3,798,052	3,360,935	3,421,585	60,650
Contributions, local source and other	<u>18,000</u>	<u>68,706</u>	<u>63,038</u>	<u>(5,668)</u>
Total revenues	<u>4,546,127</u>	<u>4,100,205</u>	<u>3,484,623</u>	<u>(615,582)</u>
EXPENDITURES				
Current:				
Instruction	1,792,832	1,904,532	1,551,782	352,750
Student support services	189,934	237,949	228,211	9,738
Instruction-related technology	68,000	14,000	9,549	4,451
Professional development	8,000	32,000	38,033	(6,033)
Board	35,500	41,500	54,071	(12,571)
General administration	313,654	313,654	273,226	40,428
School administration	597,922	609,560	681,822	(72,262)
Facilities acquisition and construction	10,000	134,010	-	134,010
Fiscal services	48,109	12,917	15,434	(2,517)
Central services	10,000	34,000	41,448	(7,448)
Pupil transportation	5,600	5,600	15,090	(9,490)
Operation and maintenance of plant	561,776	613,304	533,516	79,788
Debt service	17,857	-	93,540	(93,540)
Capital outlay	-	-	392,407	(392,407)
Total expenditures	<u>3,659,184</u>	<u>3,953,026</u>	<u>3,928,129</u>	<u>24,897</u>
Excess of revenues over expenditures	886,943	147,179	(443,506)	(590,685)
Other financing sources				
Proceeds from EIDL Loan	-	1,000,000	1,000,000	-
Transfers in	-	-	9,848	9,848
Transfers out	<u>-</u>	<u>-</u>	<u>(35,662)</u>	<u>(35,662)</u>
Total other financing sources	<u>-</u>	<u>1,000,000</u>	<u>974,186</u>	<u>(25,814)</u>
Net changes in fund balance	<u>\$ 886,943</u>	<u>\$ 1,147,179</u>	530,680	<u>\$ (616,499)</u>
Fund balance at beginning of year			<u>147,883</u>	
Fund balance at end of year			<u>\$ 678,563</u>	

See report of independent auditors and notes to budgetary comparison schedule.

**ACADEMY FOR INTERNATIONAL EDUCATION
UPPER CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
.A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)

FOR THE YEAR ENDED JUNE 30, 2022

NOTES TO BUDGETARY COMPARISON SCHEDULE

The School's budgets presented in the accompanying budgetary comparison schedule are annually adopted and prepared using the modified accrual basis of accounting. Amendments to the School's budgets can only be made with the approval of the board of directors. For the budget, the School does not use a capital outlay function, instead, the School will budget capital outlay expenditures primarily using budgetary functions for instruction, instruction-related technology, and facilities acquisition and construction. Under generally accepted accounting principles in the United States of America (GAAP), actual capital outlay expenditures are to be reported separately from such functions, which may result in variances in the budgetary comparison schedule if such budgetary functions include capital outlay expenditures. In addition, the School combined the special revenue funds with the general fund for budgeting purposes. Below is a budgetary comparison schedule for all combined governmental funds:

	Budgeted Original	Budgeted Final	Total Governmental Funds GAAP Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Federal through state – grants	\$ 730,075	\$ 670,564	\$ 599,541	\$ (71,023)
State sources	3,798,052	3,360,935	3,421,585	60,650
Contributions, local source and other	18,000	68,706	93,559	24,853
Total revenues	<u>4,546,127</u>	<u>4,100,205</u>	<u>4,114,685</u>	<u>14,480</u>
EXPENDITURES				
Current:				
Instruction	1,792,832	1,904,532	1,974,913	(70,381)
Student support services	189,934	237,949	310,196	(72,247)
Instruction-related technology	68,000	14,000	18,323	(4,323)
Professional development	8,000	32,000	41,269	(9,269)
Board	35,500	41,500	54,071	(12,571)
General administration	313,654	313,654	273,226	40,428
School administration	597,922	609,560	710,678	(101,118)
Facilities acquisition and construction	10,000	134,010	-	134,010
Fiscal services	48,109	12,917	15,434	(2,517)
Central services	10,000	34,000	41,448	(7,448)
Pupil transportation	5,600	5,600	15,090	(9,490)
Operation and maintenance of plant	561,776	613,304	576,967	36,337
Debt service	17,857	-	129,202	(129,202)
Capital outlay	-	-	423,188	(423,188)
Total expenditures	<u>3,659,184</u>	<u>3,953,026</u>	<u>4,584,005</u>	<u>(630,979)</u>
Excess of revenues over expenditures	886,943	147,179	(469,320)	(616,499)
Other financing sources				
Proceeds from EIDL Loan	-	1,000,000	1,000,000	-
Transfers in	-	-	45,510	45,510
Transfers out	-	-	(45,510)	(45,510)
Total other financing sources	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Net changes in fund balance	<u>\$ 886,943</u>	<u>\$ 1,147,179</u>	<u>\$ 530,680</u>	<u>\$ (616,499)</u>

Sotolongo & Associates, P.A.

Certified Public Accountants

Report of Independent Auditors 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 of
Academy for International Education
Upper Charter School for Science and Technology
Miami Springs, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Academy for International Education Upper Charter School for Science and Technology (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2022, 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 10, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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.

Sotolongo & Associates, P.A.

Miami, Florida
September 10, 2022

ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE FLORIDA AUDITOR GENERAL,
CHAPTER 10.850, *AUDITS OF CHARTER SCHOOLS AND SIMILAR
ENTITIES, THE FLORIDA VIRTUAL SCHOOL, AND VIRTUAL
INSTRUCTION PROGRAM PROVIDERS*

Sotolongo & Associates, P.A.

Certified Public Accountants

To the Board of Directors of
Academy for International Education
Upper Charter School for Science and Technology
Miami Springs, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Academy for International Education Upper Charter School for Science and Technology, a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami-Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2022, and have issued our report thereon dated September 10, 2022.

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 10, 2022, 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 the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the School is Academy for International Education Upper Charter School for Science and Technology. The name of the not-for-profit entity that operates the School is Miami-Dade Foundation for Educational Innovation, Inc. The school code assigned to the school is 13-6093.

Financial Condition and Management

Section 10.854(1)(e)2. and 10.855(11) Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not the Academy for International Education Upper Charter School for Science and Technology 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 Academy for International Education Upper Charter School for Science and Technology 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 Academy for International Education Upper Charter School for Science and Technology. It is management's responsibility to monitor the Academy for International Education Upper Charter School for Science and Technology'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. We performed the financial condition assessment procedures for the year ended June 30, 2022, which included calculation and analysis of certain financial indicators we considered relevant to the School. No deteriorating financial condition was noted as a result of this assessment.

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the Academy for International Education Upper Charter School for Science and Technology 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 Academy for International Education Upper Charter School for Science and Technology maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

A handwritten signature in blue ink that reads "Sotolongo & Associates, P.A." The signature is written in a cursive, flowing style.

Miami, Florida
September 10, 2022