



Miami Arts, Inc.
(A charter school)
W/L 7059
Miami, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2022

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Miami Arts, Inc.
(A charter school)
W/L# 7059

95 NW 23rd Street
Miami, FL 33127

2021-2022

BOARD OF DIRECTORS

Dr. Raymond Kimsey, DDS, Board Chair
Jennifer Kenney, Director
Pablo Canals, Director

SCHOOL ADMINISTRATION

Alfredo de la Rosa, Founder, Chief Education Administrator
Christine de la Rosa, Co-Founder, Director of Education
Carolina Torres, Director of Curriculum and Student Services



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Miami Arts, Inc.
Miami, Florida

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of Miami Arts, Inc. (the "School"), as of, and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprises 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 Miami Arts, Inc. 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Miami Arts, Inc. 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.

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Auditors' 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 5 through 9 and 31 through 32 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 15, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 15, 2022

Management's Discussion and Analysis

Miami Arts, Inc.

June 30, 2022

The corporate officers of Miami Arts, Inc. have prepared this narrative overview and analysis of the school's financial activities for the fiscal year ended June 30, 2022.

Financial Highlights

1. The net position of the School at June 30, 2022 was a deficit of \$113,002.
2. At year-end, the School had current assets on hand of \$5,672,683.
3. The School had an increase in net position of \$530,410 for the year ended June 30, 2022.
4. The unassigned fund balance at year end was \$880,924.

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, 2022 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years.

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

Governmental Funds

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing. The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with the School’s budget. The basic governmental fund financial statements can be found on pages 12 – 15 of this report.

Fiduciary Fund

The Fiduciary fund statement provides information about the financial relationship in which the School acts solely as a custodian for the benefit of other such as student activities. The School is responsible for ensuring that assets are used only for the intended purposes. The School excludes these activities from the Statement of Net Position because it cannot use these funds to finance its operations. The Fiduciary fund statement can be found on page 16 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 17 – 30 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school’s financial position. In the case of the School, net position was a deficit of \$113,002 at the close of the fiscal year. A summary of the School’s net position as of June 30, 2022 and 2021 is as follows:

	2022	2021
Current and other assets	\$ 5,672,683	\$ 6,230,345
Capital Assets, net	<u>25,454,188</u>	<u>25,550,668</u>
Total Assets	<u>31,126,871</u>	<u>31,781,013</u>
Deferred Outflows	<u>-</u>	<u>-</u>
Current liabilities	1,329,430	1,008,253
Long term debt	<u>29,910,443</u>	<u>31,416,172</u>
Total Liabilities	<u>31,239,873</u>	<u>32,424,425</u>
Deferred Inflows	<u>-</u>	<u>-</u>
Net Position:		
Net investment in capital assets	-	-
Restricted by bond	3,122,380	3,914,220
Unrestricted (deficit)	<u>(3,235,382)</u>	<u>(4,557,632)</u>
Total Net Position	<u>\$ (113,002)</u>	<u>\$ (643,412)</u>

At the end of both years, the School reported negative balances in total net position

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
REVENUES		
Program Revenues		
Capital outlay funding	\$ 893,521	\$ 877,283
Operating grants and contributions	417,488	326,530
General Revenues		
FTE and other nonspecific revenues	7,342,366	7,484,142
Other revenues	1,283,477	1,293,400
Total Revenues	<u>9,936,852</u>	<u>9,981,355</u>
EXPENSES		
Instruction and instructional related services	3,464,408	3,236,413
Instructional related technology	123,103	121,447
Pupil personnel services	352,191	328,390
Board	38,255	92,755
General administration	92,472	86,945
School administration	1,002,166	946,224
Fiscal services	192,653	220,555
Food services	-	4,230
Central services	218,880	190,713
Pupil transportation services	583	-
Operation of plant	820,616	595,974
Maintenance of plant	422,038	141,046
Unallocated depreciation	771,183	716,682
Interest	1,907,894	1,985,174
Total Expenses	<u>9,406,442</u>	<u>8,666,548</u>
Increase (decrease) in Net Position	530,410	1,314,807
Net Position at Beginning of Year	<u>(643,412)</u>	<u>(1,958,219)</u>
Net Position at End of Year	<u>\$ (113,002)</u>	<u>\$ (643,412)</u>

The School's revenue decreased by \$44,503 in the current year and expenses increased by \$739,894. The School had an increase in its net position of \$530,410 for the year, impacted by PPP loan forgiveness of \$836,685.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Capital Improvement Requirements

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

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$979,405. The fund balance unassigned and available for spending at the School's discretion is \$880,924.

The Debt Service Fund was created to account for resources accumulated and payments made for the principal and interest on long term debt of the School. At the end of the current fiscal year, the fund balance totaled \$2,740,209, all of which was restricted to debt service.

The Capital Projects Fund accounts for the resources restricted for the acquisition and construction of the Miami Campus from bond proceeds. At the end of the current fiscal year, fund balance totaled \$296,132, all of which is restricted for capital projects.

Special Revenue Fund accounts for specific revenue, such as federal programs and grants that are legally restricted to expenditures for particular purposes. At the end of the current fiscal year, the fund had no ending balance.

Capital Assets

The School's investment in capital assets as of June 30, 2022 amounts to \$25,454,188 (net of accumulated depreciation). This investment in capital assets includes building and improvements, furniture, fixtures and computer equipment. As of June 30, 2022, the School had long term debt totaling \$29,910,443 relating to capital assets.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to the School's administrative offices at Miami Arts, Inc., 95 NW 23rd Street, Miami, Florida 33127.

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for total governmental funds (general fund, debt service fund, special revenue fund and capital projects funds) to demonstrate compliance with the School's budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
State capital outlay funding	\$ 567,000	\$ -	\$ 893,521
State passed through local	7,133,350	7,133,350	7,342,366
Federal sources	-	-	394,201
Other revenue	319,200	319,200	446,792
	<u>8,019,550</u>	<u>7,452,550</u>	<u>9,076,880</u>
CURRENT EXPENDITURES			
Instruction	3,006,841	3,006,841	3,464,408
Instructional related technology	110,601	110,601	123,103
Pupil personnel services	348,460	348,460	352,191
Board	49,725	49,725	38,255
General administration	86,200	86,200	92,472
School administration	805,874	805,874	1,002,166
Fiscal services	190,577	190,577	192,653
Central services	218,514	218,514	218,880
Pupil transportation services	2,000	2,000	583
Operation of plant	528,006	528,006	820,616
Maintenance of plant	136,953	136,953	422,038
	<u>\$ 5,483,751</u>	<u>\$ 5,483,751</u>	<u>\$ 6,727,365</u>

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

Miami Arts, Inc.
(A charter school)
Statement of Net Position
June 30, 2022

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 2,069,728
Restricted assets:	
Funds held by trustee	3,122,380
Due from other agencies	382,094
Prepaid expenses	74,583
Deposits receivable	23,898
Total Current Assets	<u>5,672,683</u>
Capital assets, not being depreciated	
Land	6,746,070
Capital assets, depreciable	
Building and fixed equipment	21,097,370
Building improvements	937,818
Furniture, fixtures and equipment	1,148,375
Computers, software and internet technologies	787,329
Less: accumulated depreciation	<u>(5,262,774)</u>
Total Assets	<u>25,454,188</u>
	<u>31,126,871</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable and accrued expenses	889,336
Deferred revenues	354,055
Accrued interest	86,039
Total current liabilities	<u>1,329,430</u>
Long-term debt:	
Revenue bond payable within one year	760,000
Revenue bond payable in more than one year	<u>29,150,443</u>
Total Liabilities	<u>31,239,873</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net position</u>	
Net investment in capital assets	-
Restricted by bonds	3,122,380
Unrestricted (deficit)	<u>(3,235,382)</u>
Total Net Position	<u>(113,002)</u>
Total Liabilities and Net Assets	<u>\$ 31,126,871</u>

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

Miami Arts, Inc.
(A charter school)
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	
Primary Government					
Governmental activities:					
Instruction	\$ 3,464,408	\$ -	\$ 417,488	\$ -	\$ (3,046,920)
Instructional related technology	123,103	-	-	-	(123,103)
Pupil personnel services	352,191	-	-	-	(352,191)
Board	38,255	-	-	-	(38,255)
General administration	92,472	-	-	-	(92,472)
School administration	1,002,166	-	-	-	(1,002,166)
Fiscal services	192,653	-	-	-	(192,653)
Central services	218,880	-	-	-	(218,880)
Pupil transportation services	583	-	-	-	(583)
Operation of plant	820,616	-	-	893,521	72,905
Maintenance of plant	422,038	-	-	-	(422,038)
Interest	1,907,894	-	-	-	(1,907,894)
Unallocated depreciation	771,183	-	-	-	(771,183)
Total governmental activities	9,406,442	-	417,488	893,521	(8,095,433)

General revenues:

FTE and other nonspecific revenues	7,342,366
Other revenue, including PPP loan forgiveness	1,283,477

Change in net position 530,410

Net position, beginning	(643,412)
Net position, ending	\$ (113,002)

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

Miami Arts, Inc.
(A charter school)
Balance Sheet - Governmental Funds
June 30, 2022

	General Fund	Debt Service Fund	Non-major funds		Total Governmental Funds
			Special Revenue Fund	Capital Projects Fund	
<u>Assets</u>					
Cash	\$ 2,069,728	\$ -	\$ -	\$ -	\$ 2,069,728
Restricted cash:					
Funds restricted by bond	-	2,826,248	-	296,132	3,122,380
Due from other agencies	-	-	6,548	48,039	54,587
Prepaid expenses	74,583	-	-	-	74,583
Deposits receivable	23,898	-	-	-	23,898
Due to / from funds	54,587	-	-	-	54,587
Total Assets	<u>2,222,796</u>	<u>2,826,248</u>	<u>6,548</u>	<u>344,171</u>	<u>5,399,763</u>
<u>Deferred Outflows of Resources</u>					
	-	-	-	-	-
<u>Liabilities</u>					
Accounts payable and accrued expenses	889,336	-	-	-	889,336
Deferred revenues	354,055	-	-	-	354,055
Accrued interest	-	86,039	-	-	86,039
Due to / from funds	-	-	6,548	48,039	54,587
Total Liabilities	<u>1,243,391</u>	<u>86,039</u>	<u>6,548</u>	<u>48,039</u>	<u>1,384,017</u>
<u>Deferred Inflows of Resources</u>					
	-	-	-	-	-
<u>Fund balance</u>					
Nonspendable, not in spendable form	98,481	-	-	-	98,481
Restricted by Bonds	-	2,740,209	-	296,132	3,036,341
Unassigned	880,924	-	-	-	880,924
	<u>979,405</u>	<u>2,740,209</u>	<u>-</u>	<u>296,132</u>	<u>4,015,746</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,222,796</u>	<u>\$ 2,826,248</u>	<u>\$ 6,548</u>	<u>\$ 344,171</u>	<u>\$ 5,399,763</u>

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

Miami Arts, Inc.
(A charter school)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Funds \$ 4,015,746

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

Capital assets of \$30,716,962 net of accumulated depreciation of \$5,262,774 used in governmental activities are not financial resources and therefore are not reported in the fund. 25,454,188

Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds. 327,507

Long term liabilities which are not due and payable in the current period and, therefore, is not reported in the governmental funds. (29,910,443)

Total Net Position - Governmental Activities \$ (113,002)

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

Miami Arts, Inc.

(A charter school)

Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds

For the year ended June 30, 2022

	General Fund	Debt Service Fund	Non-major Funds		Total Governmental Funds
			Special Revenue Fund	Capital Projects Fund	
Revenues:					
State capital outlay funding	\$ -	\$ -	\$ -	\$ 893,521	\$ 893,521
State passed through local	7,342,366	-	-	-	7,342,366
Federal sources	-	-	394,201	-	394,201
Other revenue	444,477	2,315	-	-	446,792
Total Revenues	7,786,843	2,315	394,201	893,521	9,076,880
Expenditures:					
Current					
Instruction	3,046,920	-	417,488	-	3,464,408
Instructional related technology	123,103	-	-	-	123,103
Pupil personnel services	352,191	-	-	-	352,191
Board	38,255	-	-	-	38,255
General administration	92,472	-	-	-	92,472
School administration	1,002,166	-	-	-	1,002,166
Fiscal services	192,653	-	-	-	192,653
Central services	218,880	-	-	-	218,880
Pupil transportation services	583	-	-	-	583
Operation of plant	820,616	-	-	-	820,616
Maintenance of plant	422,038	-	-	-	422,038
Capital Outlay:					
Other capital outlay	-	-	-	674,710	674,710
Debt Service:					
Repayment of principal	-	700,000	-	-	700,000
Amortization of bond discount	-	(37,432)	-	-	(37,432)
Interest	-	1,907,838	-	56	1,907,894
Total Expenditures	6,309,877	2,570,406	417,488	674,766	9,972,537
Excess (Deficit) of revenues over expenditures	1,476,966	(2,568,091)	(23,287)	218,755	(895,657)
Other financing sources (use):					
Repayment of capital lease obligations	-	-	-	(6,469)	(6,469)
Transfers in and (out)	(1,587,252)	2,819,146	(813,398)	(418,496)	-
Net change in fund balance	(110,286)	251,055	(836,685)	(206,210)	(902,126)
Fund Balance at beginning of year	1,089,691	2,489,154	836,685	502,342	4,917,872
Fund Balance at end of year	\$ 979,405	\$ 2,740,209	\$ -	\$ 296,132	\$ 4,015,746

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

Miami Arts, Inc.
(A charter school)

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, 2022

Net Change in Fund Balance - Governmental Funds \$ (902,126)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$674,710 differed from depreciation expense of \$771,183. (96,473)

Forgiveness of debt increases revenue in the statement of activities but is not a current financial resource to the government funds. 836,685

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 669,037

Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds. These revenues did not meet the recognition criteria during the current year and, therefore, were not reported in the governmental funds. 23,287

Change in Net Position of Governmental Activities \$ 530,410

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

Miami Arts, Inc.
 (A charter school)
 Statement of Fiduciary Net Position - Custodial Funds
 June 30, 2022

	Custodial Funds Schools Internal Account
<u>Assets</u>	
Cash	\$ 176,423
Accounts receivable	1,156
Total Assets	<u>177,579</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Accounts payable	-
Total Liabilities	<u>-</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	<u>\$ 177,579</u>

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

Miami Arts, Inc.
(A charter school)
Statement of Change in Fiduciary Net Position - Custodial Funds
June 30, 2022

	Custodial Funds Schools Internal Account
	<u>Account</u>
<u>Additions</u>	
Contributions	\$ 113,000
Sales of items	16,338
Special events	107,950
Student charged and field trips	<u>271,975</u>
Total additions	<u>509,263</u>
<u>Deductions</u>	
Advertising and promotion	259
Bank charges	125
Contracted services and commissions	62,033
Dues, subscriptions and fees	28,853
Meals and entertainment	21,191
Purchases and supplies	91,080
Rentals	117,714
Travel	<u>129,018</u>
Total deductions	<u>450,273</u>
Net increase in fiduciary net position	<u>58,990</u>
Fiduciary net position, beginning	<u>118,589</u>
Fiduciary net position, ending	<u>\$ 177,579</u>

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

Note 1 – Summary of Significant Accounting Policies

Organization

Miami Arts, Inc. (the "School"), is a not-for-profit corporation organized pursuant to Chapter 617, and Section 1002.33, Florida Statutes. The governing body of the School is the board of directors of the not-for-profit corporation, which is composed of three members. The School is funded by and operates under a charter granted by the sponsoring district, the District School Board of Miami Dade County (the "District"). The current charter expires on June 30, 2024 and is renewable by mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School's campus and administrative offices are located in Miami, Florida for students from grades six to twelve. These financial statements are for the year ended June 30, 2022, when 1,076 students were enrolled for the school year.

Basis of presentation and Reporting Entity

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

Miami Arts Wynwood, LLC ("Wynwood") was organized under the laws of the State of Florida, the sole member of which is the School. Wynwood is a legally separate entity established for the sole purpose of serving as the lessor to the School pursuant to the Series 2014A and 2014B Bond issue (See Note 5 – Long Term Debt). Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by Statement No. 61, when a government owns a majority of the voting stock of a for-profit corporation, the government's intent for owning the stock should determine whether the corporation is presented as a component unit or an investment of the primary government. The sole intent of Wynwood was to acquire the site and new facilities and lease the facilities to the School and therefore, it is included as a blended component unit of the School. Wynwood includes the Debt Service Fund and the Capital Projects Fund. Separate financial statements are not required or reported for Wynwood.

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 all non-Fiduciary activities of the School and its component units. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include Fiduciary funds.

Note 1 – Summary of Significant Accounting Policies (continued)

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. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other miscellaneous sources.

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 outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

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

Fund Financial Statements

Fund financial statements are provided for governmental funds and Fiduciary funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The school reports the following major governmental funds.

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.

Debt Service Fund - accounts for the resources accumulated and payments made for principal and interest on long-term debt of the School.

Note 1 – Summary of Significant Accounting Policies (continued)

Additionally, the school reports separately the following Fiduciary fund types

Custodial Fund – The School has adopted Governmental Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activity*. Accordingly, the School’s internal fund accounts are used to administer monies collected at the school in connection with school, student activities, class, and club activities.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report uses the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due. Fiduciary fund assets and liabilities are accounted for on the accrual basis of accounting. The Fiduciary Funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

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

Inter-fund Transfers

Outstanding balances between funds are reported as “due to/from” other funds. Inter-fund transfers are made to move funds from the General Fund to the Debt Service and Capital Projects Fund in order to fund scheduled debt service and capital projects expenditures.

Cash and Deposits

All deposits are held in major banks and high grade investments. Cash and deposits include all highly liquid investments with a maturity of three months or less. (See Note 2.)

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Long –Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond payable is reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost 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:

Note 1 – Summary of Significant Accounting Policies (continued)

Furniture, Fixtures and Equipment	5-10 Years
Computer, Software, and Internet Technology	3-5 Years
Building	40 Years

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made. In addition, the school receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

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

Finally, the School 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 expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences

The School grants a specific number of sick and personal days. In the event that available time is not used by the end of the benefit year, employees will not be able to “rollover” unused days for use in future years. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefits years.

Income Taxes

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

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 15, 2022 which is the date the financial statements were available to be issued.

Assets Restricted by Bond

Restricted assets include cash balances that are related to amounts that the School is required to segregate in connection with the issuance of bonds, including sinking fund and reserve requirements, as well as amounts segregate for the construction of the School Miami Campus. The indenture of Trust requires the establishment of Funds for the bonds and accounts within such funds, all of which shall be special trust funds and accounts held by the Trustee. At June 30, 2022, composition of restricted account is as follows:

<u>Debt Service Reserve</u>	
Sinking Fund	<u>\$ 2,575,437</u>
	<u>\$ 2,575,437</u>
<u>Capital Project Fund</u>	
Project Fund-Series 2014B	\$ 250,811
Reserve and Replenish Fund	296,132
	<u>\$ 546,943</u>

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance Classifications

Government-wide financial statements

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

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

Fund financial statements

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

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories and prepaid expenses.
- b) 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. Restricted fund balance of the School relate to the bond issued and PPP.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification 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. There are no assigned fund balances at year end.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned. This is the residual classification for the School's general fund.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

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

New Accounting Standard Adopted

In fiscal year 2022, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: Statement No. 87 Leases. However, management has determined that the standard will have a minimal impact on the financial statements.

In fiscal year 2022, the School adopted GASB issued Statement No. 92, Omnibus. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021. These changes were incorporated in the School's 2022 financial statements and had no effect.

Pronouncements Issued But Not Yet Effective

GASB has issued GASB *effective fiscal year 2023*, that will affect the future financial position, results of operations, or financial presentation of the School upon implementation. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

Note 2 – Cash and Cash Equivalents

Deposits

Operating cash is held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and/or collateral with securities held in Florida's multiple financial institution collateral pool required by Sections 280.07 and 280.08, Florida Statutes. Any other cash deposits are held at FDIC-insured institutions.

Note 3 –Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2022:

	Balance 7/1/2021	Additions	Retirements	Balance 6/30/2022
Capital assets, not being depreciated				
Land	\$ 6,746,070	\$ -	\$ -	\$ 6,746,070
Capital assets, depreciable				
Building and fixed equipment	21,097,370	-	-	21,097,370
Building improvements	465,828	471,990	-	937,818
Furniture, fixtures and equipment	1,045,258	103,116	-	1,148,374
Computers, software and technology	687,725	99,604	-	787,329
	<u>30,042,251</u>	<u>674,710</u>	<u>-</u>	<u>30,716,961</u>
Less Accumulated Depreciation	(4,491,583)	(771,190)	-	(5,262,773)
Capital Assets, net	<u>\$ 25,550,668</u>	<u>\$ (96,480)</u>	<u>\$ -</u>	<u>\$ 25,454,188</u>

Depreciation and amortization expense for the year ended June 30, 2022, amounted to \$771,183.

Note 4 –Management Agreement – Related Party

The School entered into a management agreement with a charter management company, New Way Schools, Inc. (“NWS”) to provide management and administrative services to the School. Currently, the School’s Founder and Chief Education Administrator is an officer of NWS.

The agreement expired on June 30, 2019 and requires the School to pay, as compensation, a management fee of \$420 per Full Time Equivalent (FTE) per annum. On October 16, 2014, the agreement was amended and changed the amount of compensation to the lesser of (i) \$420 per FTE, or (ii) the amount allocated for payment to NWS in the annual budget payable monthly in arrears. In addition, the management fee is subordinated under the terms of the School lease, loan and bond agreements.

The School management fee for the year ended June 30, 2022 was zero.

Note 5 – Long Term Debt

Revenue Bond

Educational Facilities Revenue Bonds, Series 2014A and 2014B – The Florida Development Finance Corporation (the “issuer”) issued Educational Facilities Revenue Bonds (Miami Arts Charter School Project), Series 2014A, in the aggregate principal amount of \$30,000,000 (the “Series 2014A Bond”). Miami Arts, Inc. (“Miami Arts”) issued Taxable Educational Facilities Revenue Bonds (Miami Arts Charter School Project) Series 2014B, in the aggregate principal amount of \$4,710,000 (the “Series 2014B Bonds”). The bonds were used to (i) finance or refinance the costs of acquiring, constructing, and equipping certain charter school facilities (collectively, the “Facility”) for the School located within Miami-Dade, Florida., the land on which the School will be located (the “Site”), and improvements thereto (collectively the “Project”), (ii) fund a debt service reserve account for the Series 2014 Bonds, (iii) fund capitalized interest with respect to the Series 2014A Bonds, and (iv) pay certain costs of issuance of the Series 2014 Bonds. The Series 2014A Bonds are subject to mandatory and optional redemption prior to maturity. The Series 2014B are subject to mandatory redemption prior to maturity.

Interest is payable semi-annually on June 15 and December 15. The bonds are secured by a mortgage interest on the project to the benefit of UMB Bank (the “Trustee”) and assignment of payments (the “Pledge Revenues”) to the Trustee pursuant to the Indenture of Trust dated October 1, 2014. These Bonds are subject to interest rates ranging from 5.000% to 7.750%.

The bonds contain restrictive covenants related to debt service coverage ratio, days cash on hands requirements, student enrollment and reporting requirements. However, The School’s debt agreements contain various covenants, restrictions and financial test requirements. In the event an instance of default is not remedied, the maturity can be accelerated and/or the underlying collateral may be repossessed.

The issuer has no obligation for the debt beyond the resources provided by the facility.

The Bonds, were obtained to pay operating expenses of the School, to establish and maintain certain reserve funds described in the Indenture, to pay management fees under the Management Agreement, and to reimburse amounts previously paid for School purposes.

Note 5 – Long Term Debt (continued)

Revenue bond debt service requirements to maturity are as follows:

Series 2014A Bonds:

Year Ending June 30,	Principal	Interest
2023		1,770,825
2024	695,000	1,762,200
2025	735,000	1,725,669
2026	775,000	1,683,903
2027	820,000	1,639,747
2028-2032	4,860,000	7,431,856
2033-2037	6,495,000	5,799,753
2038-2042	8,725,000	3,569,700
2043-2044	6,895,000	599,550

Series 2014B Bonds:

Year Ending June 30,	Principal	Interest
2023	\$ 760,000	\$ 44,175

The Bonds were issued at a discount which was deferred and is being amortized over the life of the bonds using the effective interest method. The Bonds payable are presented net of the applicable discount. Amortization of Bond discount during the year amounted to \$37,425.

Note 5 – Long Term Debt (continued)

Long term debt activity for the year ended June 30, 2022 was as follows:

Governmental activities:	Beginning Balance	Advances/ (Payments)	Amortization	Ending Balance	Due within One Year
Educational Facilities Revenue Bonds, Series 2014A	\$ 30,000,000	\$ -	\$ -	\$ 30,000,000	\$ -
Educational Facilities Revenue Bonds, Series 2014B	1,460,000	(700,000)	-	760,000	760,000
Bond Discount	(886,982)	-	37,425	(849,557)	-
PPP loan	836,685	(836,685)	-	-	-
Total	\$ 31,409,703	\$ (1,536,685)	\$ 37,425	\$ 29,910,443	\$ 760,000

Paycheck Protection Program Loan

In 2020 and 2021, the School was granted two loans from a financial institution. The first loan in the aggregate amount of \$1,124,355, was issued pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted on March 27, 2020. The second loan in the aggregate amount of \$836,685, was issued pursuant to the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues, which extended the Paycheck Protection Program to include a second round of funding.

The loans, which are in the form of promissory notes mature two and five years from the date funded and bear interest at a rate of 1.00% per annum, payable monthly commencing January 2021 and November 2022 with interest accruing during the initial deferral period. The Notes may be prepaid at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before certain dates. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

Both loans have been forgiven. Accordingly, the liability has been reclassified as other revenues in these financial statements.

Note 5 – Long Term Debt (continued)

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

	Beginning Balance	Proceeds	Forgiveness	Ending Balance
Note Payable under PPP program	\$ 836,685	\$ -	\$ (836,685)	\$ -
Total	<u>\$ 836,685</u>	<u>\$ -</u>	<u>\$ (836,685)</u>	<u>\$ -</u>

Note 6 – Commitments, Contingencies and Concentrations

Contingencies and Concentrations

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

Note 7 – Short Term Lease

The School leases certain machinery and equipment under agreements that are classified as capital assets. The cost of equipment is included in the Statement of Net Position as property, plant, and equipment and was \$435,064 at June 30, 2022 and is fully depreciated.

Note 8 – Inter-fund Transfers

Interfund transfers in governmental funds as of June 30, 2022 consist of the following:

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund (Non- Major)
Reimbursement general fund for PPP funds spent	\$ 836,685	\$ -	\$ (836,685)	\$ -
Transfer from capital outlay and general fund for debt service	(2,400,650)	2,819,146	-	(418,496)
Transfer from general fund for ESSER II current period expenditures	(327,507)	-	327,507	-
Reimburse general fund for ESSER prior year expenditures	304,220	-	(304,220)	-
Total Transfers, net	<u>\$ (1,587,252)</u>	<u>\$ 2,819,146</u>	<u>\$ (813,398)</u>	<u>\$ (418,496)</u>

Due from / (Due to) balances as of June 30, 2022 consist of the following:

Due to General Fund from Capital Projects Fund for capital outlay	\$ 48,039	\$ -	\$ -	\$ (48,039)
Due to General Fund from Special Revenue Fund for Title IV	6,548	-	(6,548)	-
Total Due from/(Due to)	<u>\$ 54,587</u>	<u>\$ -</u>	<u>\$ (6,548)</u>	<u>\$ (48,039)</u>

Note 9 – Risk Management

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

REQUIRED SUPPLEMENTARY INFORMATION

Miami Arts, Inc.
(A charter school)
Statement of Revenues, Expenditures, and Changes in Fund Balance - General fund
For the year ended June 30, 2022

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 7,133,350	\$ 7,133,350	\$ 7,342,366
Other revenues	316,800	316,800	444,477
Total Revenues	7,450,150	7,450,150	7,786,843
EXPENDITURES			
Current:			
Instruction	3,006,841	3,006,841	3,046,920
Instructional related technology	110,601	110,601	123,103
Pupil personnel services	348,460	348,460	352,191
Board	49,725	49,725	38,255
General administration	86,200	86,200	92,472
School administration	805,874	805,874	1,002,166
Fiscal services	190,577	190,577	192,653
Food service	6,500	6,500	-
Pupil transportation services	2,000	2,000	583
Central services	218,514	218,514	218,880
Operation of plant	528,006	528,006	820,616
Maintenance of plant	136,953	136,953	422,038
Total current expenditures	5,490,251	5,490,251	6,309,877
Excess of revenues			
Over current expenditures	1,959,899	1,959,899	1,476,966
Debt service:	-	-	-
Repayment of principal	-	-	-
Capital outlay:			
Other capital outlay	-	-	-
Total capital outlay and Debt service expenditures	-	-	-
Total expenditures	5,490,251	5,490,251	6,309,877
Excess of revenues			
Over expenditures	1,959,899	1,959,899	1,476,966
Other financing sources (use):			
Transfers out	-	-	(1,587,252)
Net change in fund balance	1,959,899	1,959,899	(110,286)
Fund balance at beginning of year	1,089,691	1,089,691	1,089,691
Fund balance at end of year	\$ 3,049,590	\$ 3,049,590	\$ 979,405

Notes to Budgetary Comparison Schedule

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



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

To the Board of Directors of
Miami Arts, Inc.
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Miami Arts, Inc. (the "School") 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 15, 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 as a basis 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 or significant deficiencies may exist that have not been identified.

Report 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. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that were reported to management in a separate management letter dated September 15, 2022 pursuant to Chapter 10.850, Rules of the Auditor General.

Purpose of this report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 15, 2022



MANAGEMENT LETTER

To the Board of Directors of
Miami Arts, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Miami Arts, Inc. Miami, Florida as of and for the year ended June 30, 2022 and have issued our report thereon dated September 15, 2022.

Auditor's Responsibility

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 and Chapter 10.850, Rules of the Auditor General.

Other Report Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosure in those reports, which are dated September 15, 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 finding or recommendation in the prior year audit.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Miami Arts, Inc. 7059.

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 Miami Arts, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Miami Arts, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Miami Arts, Inc. It is management's responsibility to monitor Miami Arts, Inc.'s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendation 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 Miami Arts, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Miami Arts, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 15, 2022