

Florida International Academy

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

Basic Financial Statements
and Additional Information
for the Year Ended June 30, 2018

Florida International Academy

Table of Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis (Not Covered by Independent Auditor's Report)	3-6

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position	7
Statement of Activities	8

Fund Financial Statements:

Balance Sheet - Governmental Funds	9
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds to the Statement of Activities	12
Notes to Basic Financial Statements	13-19

Required Supplemental Information

Statement of Revenues and Expenditures Budget and Actual – General Fund	20
Statement of Revenues and Expenditures Budget and Actual – Special Revenue Fund	21

Other Auditor's Reports

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	24-26
Schedule of Expenditures of Federal Awards	27
Notes to Schedule of Expenditures of Federal Awards	28
Independent Auditor's Report to the Board of Directors	29-30
Schedule of Findings and Questioned Costs	31-33

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Florida International Academy
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Florida International Academy (the "School") a department of Florida International Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

CPA's + Trusted Advisors

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of Florida International Academy, Inc., that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Florida International Academy, Inc. as of June 30, 2018, and its change in financial position or budgetary comparison, where applicable, for the year ended June 30, 2018, in conformity with accounting principles generally accepted in the United States of America.

During the year ended June 30, 2018, the School rescinded their charter agreement and notified the School Board of Miami-Dade County, Florida of its intent to terminate the School's operations.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 21 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2019, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 14, 2019, except for Notes 6 and 11 and the reports required by the Uniform Guidance, which are dated November 13, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Florida International Academy (the "School") financial performance provides an overview of the School's financial activities for the year ended June 30, 2018 with certain comparative information for 2017. Please read it in conjunction with the School's financial statements which immediately follow this discussion.

Financial Highlights

The following are highlights of financial activity for the year ended June 30, 2018:

- The School's total assets exceeded its liabilities resulting in a net position as of June 30, 2018 of \$ 124,890.
- The School's net position increased by \$ 762,836 during the current fiscal year as a result of this year's operations, primarily due to discharged obligations due to the School's closure.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic 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, which consist of the following two statements, are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School only has one category of funds - governmental funds.

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

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

The School maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance. The General, Special Revenue and Capital Projects funds are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General and Special Revenue funds to demonstrate compliance with the budgets adopted for each.

The governmental fund financial statements can be found on pages 9 through 12 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 13 through 20 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results. Required supplementary information can be found on pages 21 and 22 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net position as of June 30:

Florida International Academy Net Position		
	2018	2017
Current Assets	\$ 76,640	\$ 130,331
Noncurrent Assets	109,941	156,093
Total assets	186,581	286,424
Current Liabilities	61,691	471,370
Noncurrent Liabilities	-	453,000
Total liabilities	61,691	924,370
Net Position:		
Net investment in capital assets	109,941	143,048
Unrestricted (deficit)	14,949	(780,994)
Total net position	\$ 124,890	\$ (637,946)

**Florida International Academy
Management's Discussion and Analysis
June 30, 2018**

A portion of the School's net position reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance, unrestricted, may be used to meet the School's ongoing obligations.

The following table reflects the School's change in net position for the years ended June 30, 2018 and 2017.

Florida International Academy Change in Net Position		
	2018	2017
Revenues:		
General revenues	\$ 2,418,144	\$ 1,812,063
Program revenues:		
Operating grants and contributions	800,494	650,164
Capital outlay funds	27,200	96,908
Total revenues	3,245,838	2,559,135
Expenses:		
Instruction	1,048,145	1,164,467
Administration	421,065	343,088
Operation of plant	353,976	789,938
Pupil transportation services	185,871	194,243
Administrative technology	-	38,374
Food services	371,434	351,091
Fiscal services	99,669	42,725
Board and debt service	2,842	50,238
Total expenses	2,483,002	2,974,164
Change in net position	762,836	(415,029)
Net Position, July 1,	(637,946)	(222,917)
Net Position, June 30,	\$ 124,890	\$ (637,946)

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the School. At the end of year 2018, unassigned fund balance of the General Fund was \$ 49,285, an increase of \$ 308,342 for the year.

General Fund Budgetary Highlights

Revenues for the general fund were unfavorable to the budget by \$ 29,241. Expenditures were favorable to the budget by \$ 130,314.

Capital Assets and Debt Administration

Capital assets: The School's investment in capital assets as of June 30, 2018 amounts to \$ 109,941 net of accumulated depreciation. This investment in capital assets is composed of leasehold improvements, vehicles, and office and classroom equipment.

Debt: At June 30, 2018, the School had total outstanding debt of \$ 34,336.

Economic Factors

The School does not anticipate that any future economic factors will affect the planned closure of the School.

Requests for Information

This financial report is designed to provide a general overview of Florida International Academy, Inc. for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Florida International Academy, Inc.; c/o Building Hope, 1225 SE 2nd Avenue, Fort Lauderdale, Florida, 33316.

BASIC FINANCIAL STATEMENTS

Florida International Academy
Statement of Net Position
June 30, 2018

	Governmental Activities
Current Assets:	
Cash	\$ 57,608
Accounts receivable	19,032
	<hr/>
Total current assets	76,640
	<hr/>
Noncurrent Assets:	
Capital assets, depreciable	477,271
Less accumulated depreciation	(367,330)
	<hr/>
Total noncurrent assets	109,941
	<hr/>
Total assets	186,581
	<hr/>
Current Liabilities:	
Accounts payable	16,760
Accrued expenses	10,595
Debt - due within one year	34,336
	<hr/>
Total current liabilities	61,691
	<hr/>
Total liabilities	61,691
	<hr/>
Net Position:	
Net investment in capital assets	109,941
Unrestricted	14,949
	<hr/>
Total net position	\$ 124,890
	<hr/> <hr/>

The accompanying notes to basic financial statements are an integral part of these statements.

**Florida International Academy
Statement of Activities
For the Year Ended June 30, 2018**

	Program Revenues			Governmental Activities Net Revenue (Expense) and Change in Net Position	
	Expenses	Charges for Services	Capital Grants and Contributions		Operating Grants and Contributions
Functions/Programs:					
Governmental activities:					
Instruction:					
Regular instruction	\$ 957,292	\$ -	\$ -	\$ 352,669	\$ (604,623)
Exceptional instruction	90,853	-	-	-	(90,853)
Instructional support services:					
Administrative services	421,065	-	-	-	(421,065)
Facilities acquisition and construction	47,249	-	27,200	-	(20,049)
Plant operations	261,507	-	-	-	(261,507)
Plant maintenance	45,220	-	-	-	(45,220)
Pupil transportation services	185,871	-	-	-	(185,871)
Operation of non-instructional services:					
Food services	371,434	-	-	447,825	76,391
Fiscal services	99,669	-	-	-	(99,669)
Debt service:					
Interest	2,842	-	-	-	(2,842)
Total governmental activities	<u>\$ 2,483,002</u>	<u>\$ -</u>	<u>27,200</u>	<u>\$ 800,494</u>	<u>(1,655,308)</u>
General revenues:					
FTE non-specific revenues					1,708,926
Miscellaneous revenues					709,218
Total general revenues					<u>2,418,144</u>
Change in net position					762,836
Net position (deficit), July 1, 2017					<u>(637,946)</u>
Net position, June 30, 2018					<u>\$ 124,890</u>

The accompanying notes to basic financial statements are an integral part of these statements.

Florida International Academy
 Balance Sheet - Governmental Funds
 June 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Assets:				
Cash	\$ 57,608	\$ -	\$ -	\$ 57,608
Due from other agencies	2,100	16,932	-	19,032
Due from other funds	16,932	-	-	16,932
	<u>76,640</u>	<u>16,932</u>	<u>-</u>	<u>93,572</u>
Total assets	\$ <u>76,640</u>	\$ <u>16,932</u>	\$ <u>-</u>	\$ <u>93,572</u>
Liabilities:				
Accounts payable	\$ 16,760	\$ -	\$ -	\$ 16,760
Accrued expenses	10,595	-	-	10,595
Due to other funds	-	16,932	-	16,932
	<u>27,355</u>	<u>16,932</u>	<u>-</u>	<u>44,287</u>
Total liabilities	<u>27,355</u>	<u>16,932</u>	<u>-</u>	<u>44,287</u>
Fund Balances:				
Unassigned	<u>49,285</u>	<u>-</u>	<u>-</u>	<u>49,285</u>
Total fund balances	<u>49,285</u>	<u>-</u>	<u>-</u>	<u>49,285</u>
Total liabilities and fund balances	\$ <u>76,640</u>	\$ <u>16,932</u>	\$ <u>-</u>	\$ <u>93,572</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Florida International Academy
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2018**

**Amounts Reported for Governmental Activities in the
 Statement of Net Position are Different Because:**

Total fund balances - governmental funds \$ 49,285

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

Cost of capital assets	\$	477,271	
Accumulated depreciation		<u>(367,330)</u>	109,941

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements including debt and any related accrued interest. All liabilities, both current and long-term, are reported in the governmental-wide statements.

Debt			<u>(34,336)</u>
------	--	--	-----------------

Net Position of Governmental Activities			\$ <u><u>124,890</u></u>
--	--	--	---------------------------------

The accompanying notes to basic financial statements are an integral part of these statements.

**Florida International Academy
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Revenues:				
State sources	\$ 1,708,926	\$ -	\$ 27,200	\$ 1,736,126
Federal sources	-	800,494	-	800,494
Local sources	<u>26,698</u>	<u>-</u>	<u>-</u>	<u>26,698</u>
Total revenues	<u>1,735,624</u>	<u>800,494</u>	<u>27,200</u>	<u>2,563,318</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	514,989	429,060	-	944,049
Exceptional instruction	90,853	-	-	90,853
Instructional support services:				
Administrative services	421,065	-	-	421,065
Facilities acquisition and construction	185	-	27,200	27,385
Plant operations	261,507	-	-	261,507
Plant maintenance	45,220	-	-	45,220
Pupil transportation services	185,871	-	-	185,871
Operation of non-instructional services:				
Food services	-	371,434	-	371,434
Fiscal services	99,669	-	-	99,669
Debt service:				
Principal	4,401	-	-	4,401
Interest	<u>2,842</u>	<u>-</u>	<u>-</u>	<u>2,842</u>
Total expenditures	<u>1,626,602</u>	<u>800,494</u>	<u>27,200</u>	<u>2,454,296</u>
Excess (deficiency) in revenues over expenditures	109,022	-	-	109,022
Other Sources:				
Proceeds from long-term obligations	<u>199,320</u>	<u>-</u>	<u>-</u>	<u>199,320</u>
Net change in fund balances	308,342	-	-	308,342
Fund Balances (Deficit), July 1, 2017	<u>(259,057)</u>	<u>-</u>	<u>-</u>	<u>(259,057)</u>
Fund Balances, June 30, 2018	<u>\$ 49,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,285</u>

The accompanying notes to basic financial statements are an integral part of these statements.

**Florida International Academy
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances -
Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2018**

Change in Fund Balances - Governmental Funds \$ 308,342

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, these costs are allocated over their estimated useful lives as a provision for depreciation.

Cost of capital assets	\$ -	
Provision for depreciation	<u>(33,107)</u>	(33,107)

Long-term obligations are recorded as revenue in the governmental funds but as debt in the statement of net position. Repayment of debt principal and accrued interest are an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position

Change in accrued interest payable	\$ 30,200	
Proceeds from debt	(199,320)	
Forgiveness of debt	652,320	
Repayment of debt principal	<u>4,401</u>	<u>487,601</u>

Change in Net Position of Governmental Activities \$ 762,836

The accompanying notes to basic financial statements are an integral part of these statements.

Note 1 - Organization and Operations

Florida International Academy (the "School"), a department of Florida International Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The School commenced operations in August 1998 and offered classes for grades six through eight in the City of Miami. During the year ended June 30, 2018, the School rescinded their charter agreement and notified the School Board of Miami-Dade County, Florida of its intent to terminate the School's operations.

The financial statements of the School present only the balances, activity, and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Florida International Academy, Inc. as of June 30, 2018 and its change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring School Board, the School Board of Miami-Dade County, Florida. The current charter was effective until June 30, 2018, at which time the School's board of directors elected not to extend the contract, and therefore, let it expire. Florida International Academy is considered a component unit of the School Board of Miami-Dade County, Florida.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's financial statements.

Basis of presentation: Based on the guidance presented in the American Institute of Certified Public Accountants Audit and Accounting Guide – Not-for-Profit Organizations and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide statements: The School's financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the School's activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables, as well as all noncurrent debt and obligations.

Note 2 - Summary of Significant Accounting Policies (continued)

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net position resulting from the current year's activities.

Fund financial statements: The accounts of the School are organized on the basis of funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The School reports the following major funds:

General Fund – This fund is employed in accounting for all the operating activities of the School except those required to be accounted for in another fund

Special Revenue Fund – This fund is used to account for federal grants that are legally restricted to expenditures for particular purposes

Capital Projects Fund – This fund is used to account for state capital outlay funding that is legally restricted to expenditures for particular purposes.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets – represents the difference between the cost of any capital assets, less accumulated depreciation reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvements of those assets, if any.
- Restricted net assets – consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted – indicates that portion of net position that can be used for future operations.

Fund balance: The School has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- Nonspendable – amounts that are not in spendable form (such as prepaid items and deposits) or are legally or contractually required to be maintained intact.
- Restricted – amounts constrained to specific purposes by external providers (such as grantors) or imposed by law through constitutional provisions, or by enabling legislation.

Note 2 - Summary of Significant Accounting Policies (continued)

- Committed – amounts constrained to specific purposes by formal action of the School itself, using its highest level of decision making authority (i.e., the School Board) through Resolution. To be reported as committed, amounts cannot be used for any other purpose unless the School Board takes the same highest level action (i.e., Resolution) to remove or change the constraint.
- Assigned – amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the School's body or any delegated authority at their direction.
- Unassigned – amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School Board or its delegated official or body has provided otherwise in its commitment or assignment actions.

Measurement focus and basis of accounting: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the governmental-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund basic financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. 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.

Cash and cash equivalents: Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. In addition, the School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Capital assets: Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 750 and useful life of over one year. Donated capital assets are valued at their estimated fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Equipment	5 years
Vehicles	5 years
Leasehold improvements	5-10 years

Due from other governments: 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.

Due to/from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Additionally, transfers out of the General fund to the Capital projects fund are to recognize amounts that are designated for capital outlay but included in the General funds operating revenues.

Prepaid expenses/expenditures: Certain payments to vendors reflect cost applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements.

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Grant and contract revenue: Grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred.

Income taxes: The School is a department of a nonprofit corporation whose revenue is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Date of management's review: Subsequent events have been evaluated through August 14, 2019, which is the date the financial statements were available to be issued.

Note 3 - Budget

The School formally adopted a budget for the General Fund and Special Revenue Fund by function for the year ended June 30, 2018. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to the final budgeted amounts for the General Fund and Special Revenue Fund are presented as required supplemental information.

Note 4 - Deposits

At June 30, 2018 the total carrying amount of the School's cash balances was \$ 57,608. The bank balance at local depositories was \$ 60,374.

State statute require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimal collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool, as the School has identified itself as a public entity at June 30, 2018.

Note 5 - Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets, being depreciated:				
Equipment	\$ 203,279	\$ -	\$ -	\$ 203,279
Vehicles	14,280	-	-	14,280
Leasehold improvements	<u>259,712</u>	<u>-</u>	<u>-</u>	<u>259,712</u>
Total capital assets, being depreciated	<u>477,271</u>	<u>-</u>	<u>-</u>	<u>477,271</u>
Accumulated depreciation:				
Equipment	196,045	7,234	-	203,279
Vehicles	14,280	-	-	14,280
Leasehold improvements	<u>123,898</u>	<u>25,873</u>	<u>-</u>	<u>149,771</u>
Total accumulated depreciation	<u>334,223</u>	<u>33,107</u>	<u>-</u>	<u>367,330</u>
Net capital assets	<u>\$ 143,048</u>	<u>\$ (33,107)</u>	<u>\$ -</u>	<u>\$ 109,941</u>

Depreciation for the year ended June 30, 2018, amounted to \$ 33,107, which was allocated to regular instruction and facilities acquisition and construction in the amounts of \$ 13,243 and \$ 19,864, respectively.

As part of the expiration of the School's charter contract, all capital assets were either sent back to the district school board or acquired by the adjacent charter school subsequent to year end.

Note 6 - Contingencies and Commitments

Grant agreements: The School received financial assistance from federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the Florida Single Audit Act, the School was required to conduct a federal single audit as the required threshold for federal awards is currently \$ 750,000 and the School exceeded such threshold. As of the date of the initial report, the required Federal single audit has not been completed. No adjustment has been reflected in these financial statements as a result of the noncompliance of this requirement. Subsequent to the initial audit report date the required Federal single audit was in process of being completed.

Note 7 - Debt

The School previously financed certain facility improvements through the issuance of a note payable. In addition, the School also previously entered into a long-term agreement to pay past due rent in the form of a note for the amount of \$ 453,000. During the year ended June 30, 2018, the loan was again renegotiated, refinanced, and extended through October 1, 2018, with additional proceeds of \$ 199,320. This refinanced note bore interest at a fixed rate of 8.00% and all principal and accrued interest were originally due October 1, 2018. However, due to the closing of the School, all principal balances and accrued interest were extinguished.

The School also has a \$ 50,000 revolving unsecured line of credit from a bank, which is due on demand and bears interest at 8.00% at June 30, 2018. This line of credit is renewable annually with the School's payment of the commitment fee. The balance outstanding on the above mentioned line of credit amounted to \$ 34,336 at June 30, 2018. Subsequent to year end, this line of credit was paid in full.

The following table summarizes the debt activity for the year ended June 30, 2018:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018	Due In One Year
Note payable	\$ 453,000	\$ 199,320	\$ 652,320	\$ -	\$ -
Credit line	<u>38,737</u>	<u>-</u>	<u>4,401</u>	<u>34,336</u>	<u>34,336</u>
	<u>\$ 491,737</u>	<u>\$ 199,320</u>	<u>\$ 656,721</u>	<u>\$ 34,336</u>	<u>\$ 34,336</u>

Note 8 - Leases

The School previously leased its facilities for its operations which originally was to expire in July 2035. Due to the closing of the School, this lease was terminated. The School has received no notices of default or other information as a result of this event.

Note 9 - Employee Benefit Plan

The School offers all of its full-time employees, who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of their annual gross compensation, subject to certain limitations. The School did not make any contributions to the plan for the year ended June 30, 2018.

Note 10 - Risk Financing

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School places all insurance risk, less nominal deductibles, in the hands of commercial carriers. At the present time, management believes that any claims the School may have are insured and that any expense associated with them will not materially affect the financial position of the School.

Note 11 - Subsequent Events

As discussed in financial statement Notes 1 and 5, the School ceased operations as of the end of the June 2018 school year. No additional revenues are expected to be received by the School. Subsequent event financial activity from July 1, 2018 through October 31, 2019 is as follows:

Revenues	\$ <u>-</u>
Expenditures:	
Current:	
Operation of non-instructional services:	
Fiscal services	15,036
Debt service:	
Principal	34,336
Interest	<u>534</u>
Total expenditures	<u>49,906</u>
	(49,906)
Fund Balances, July 1, 2018	<u>49,285</u>
Fund Balances (Deficit), October 31, 2019	\$ <u><u>(621)</u></u>

Leasehold improvements were primarily absorbed by another charter school, Beacon College Preparatory School (Beacon). The remaining assets were primarily scrapped due to obsolescence.

	Balance at July 1, 2018	Disposition of assets through October 31, 2019:		Balance at October 31, 2019
		Scrapped	Absorbed by Beacon	
Capital assets, being depreciated:				
Equipment	\$ 203,279	\$ (203,279)	\$ -	\$ -
Vehicles	14,280	-	(14,280)	-
Leasehold improvements	<u>259,712</u>	<u>-</u>	<u>(259,712)</u>	<u>-</u>
Total capital assets, being depreciated	<u>477,271</u>	<u>(203,279)</u>	<u>(273,992)</u>	<u>-</u>
Accumulated depreciation:				
Equipment	203,279	(203,279)	-	-
Vehicles	14,280	-	(14,280)	-
Leasehold improvements	<u>149,771</u>	<u>-</u>	<u>(149,771)</u>	<u>-</u>
Total accumulated depreciation	<u>367,330</u>	<u>(203,279)</u>	<u>(164,051)</u>	<u>-</u>
Net capital assets	\$ <u><u>109,941</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(109,941)</u></u>	\$ <u><u>-</u></u>

REQUIRED SUPPLEMENTAL
INFORMATION

**Florida International Academy
Statement of Revenues, Expenditures and
Budget and Actual - General Fund
For the Year Ended June 30, 2018**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources	\$ 1,664,500	\$ 1,664,500	\$ 1,708,926	\$ 44,426
Local sources	100,365	100,365	26,698	(73,667)
Total revenues	<u>1,764,865</u>	<u>1,764,865</u>	<u>1,735,624</u>	<u>(29,241)</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	551,484	551,484	514,989	36,495
Exceptional instruction	46,000	46,000	90,853	(44,853)
Instructional support services:				
Administrative services	320,462	320,462	421,065	(100,603)
Facilities acquisition and construction	228,000	228,000	185	227,815
Plant operations	266,825	266,825	261,507	5,318
Plant maintenance	50,250	50,250	45,220	5,030
Pupil transportation services	215,260	215,260	185,871	29,389
Operation of non-instructional services:				
Food services	(32,515)	(32,515)	-	(32,515)
Fiscal services	97,250	97,250	99,669	(2,419)
Debt service:				
Principal	8,400	8,400	4,401	3,999
Interest	5,500	5,500	2,842	2,658
Total expenditures	<u>1,756,916</u>	<u>1,756,916</u>	<u>1,626,602</u>	<u>130,314</u>
Excess (deficiency) in revenues over expenditures	7,949	7,949	109,022	101,073
Other Sources:				
Proceeds from long-term obligations	-	-	199,320	199,320
Net change in fund balance	<u>\$ 7,949</u>	<u>\$ 7,949</u>	308,342	<u>\$ 300,393</u>
Fund Balance (Deficit), July 1, 2017			<u>(259,057)</u>	
Fund Balance, June 30, 2018			<u>\$ 49,285</u>	

**Florida International Academy
Statement of Revenues, Expenditures and
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2018**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Federal sources	\$ <u>704,538</u>	\$ <u>704,538</u>	\$ <u>800,494</u>	\$ <u>95,956</u>
Total revenues	<u>704,538</u>	<u>704,538</u>	<u>800,494</u>	<u>95,956</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	309,538	309,538	429,060	(119,522)
Operation of non-instructional services:				
Food services	<u>395,000</u>	<u>395,000</u>	<u>371,434</u>	<u>23,566</u>
Total expenditures	<u>704,538</u>	<u>704,538</u>	<u>800,494</u>	<u>(95,956)</u>
Net change in fund balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	-	\$ <u><u>-</u></u>
Fund Balance, July 1, 2017			<u>-</u>	
Fund Balance, June 30, 2018			\$ <u><u>-</u></u>	

OTHER AUDITOR'S REPORTS

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

To the Board of Directors
Florida International Academy
Miami, Florida

We have audited, 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, the financial statements of the governmental activities and each major fund of Florida International Academy (the "School"), a department of Florida International Academy, Inc. and component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 14, 2019.

Internal Control over Financial Reporting

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

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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2018-01.

School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This 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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 14, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Florida International Academy
Miami, Florida

Report on Compliance for Each Major Federal Program

We have audited Florida International Academy (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2018. The School's major federal programs are identified in the summary of auditor's results sections of the accompanying schedule of findings, recommendations and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on the National School Lunch Program and the School Breakfast Program

As described in the accompanying schedule of findings and questioned costs, the School did not comply with requirements regarding the National School Lunch Program and the School Breakfast Program (CFDA No. 10.555 and 10.553)'s findings 2018-02 for Reporting and 2018-03 for Allowable Costs, Eligibility and Reporting. Compliance with such requirements is necessary, in our opinion, for the School to comply with the requirements applicable to the programs.

Qualified Opinion on the National School Lunch Program and the School Breakfast Program

In our opinion, the School did not comply, with the types of compliance requirements referred to above that could have a direct and material effect on the National School Lunch Program and the School Breakfast Program for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the schedule of findings and questioned costs as items 2018-02 and 2018-03 to be material weaknesses.

The School's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of the School as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We issued our report thereon dated August 14, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
November 13, 2019

Florida International Academy, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

<u>Federal Agency/Federal Program</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name:				
Indirect Programs:				
Department of Agriculture -				
Passed through Florida Department of Agriculture -				
National School Lunch Program	* 10.555	-	\$ 309,160	\$ 265,105
School Breakfast Program	* 10.553	-	<u>121,733</u>	<u>33,404</u>
Department of Agriculture Total			<u>430,893</u>	<u>298,509</u>
Department of Education -				
Passed through Florida Department of Education -				
Title I Grants to Local Educational Agencies	84.010	-	209,250	-
21st Century Community Learning Centers	84.287	-	143,419	-
Department of Homeland Security -				
Passed through Florida Division of				
Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4337PA02715	<u>16,932</u>	<u>-</u>
Total expenditures of Federal awards			<u>\$ 800,494</u>	<u>\$ 298,509</u>

* Department of Agriculture programs are considered "clustered" in accordance with 2 CFR Part 200, Appendix XI Compliance Supplement.

See Notes to the Schedule of Expenditures of Federal Awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Florida International Academy (the "School") under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Chapter 10.650, *Rules of the Auditor General* and/or OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, as applicable.

Note 3 - Indirect Cost Rate

The School did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the School. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable Federal and state laws and other applicable regulations.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Florida International Academy
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of Florida International Academy (the "School"), a component unit of the School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated August 14, 2019.

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 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance; and Schedule of Findings, Questioned Costs and Recommendations. Disclosures in those reports, which are dated August 14, 2019 and November 13, 2019, respectively, and the schedule, which is dated November 13, 2019, 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 recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Florida International Academy.

Financial Condition and Management

Section 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Florida International Academy, Inc.

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

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. Due to the closing of the School, the website was no longer available and we were unable to determine if the School met the requirements of Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we had a finding; finding 2018-01, as described in the accompanying schedule of findings and questioned costs.

Purpose of this Letter

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 14, 2019

A. Summary of Auditor’s Results

1. The auditor’s report dated August 14, 2019 expresses an unmodified opinion on the financial statements of Florida International Academy.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Florida International Academy.
4. Two items that were considered material weaknesses relating to the audit of the major federal programs are reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor’s report on compliance for the major federal programs for Florida International Academy expresses a qualified opinion.
6. Audit findings that are required to reported in accordance with the Uniform Guidance are reported in Part C of this schedule.
7. The programs tested as major programs are as follows:

<u>Federal Award Program</u>	<u>CDFA Number</u>
Department of Agriculture – National School Lunch Program	10.555
School Breakfast Program	10.553

8. The threshold for distinguishing Type A and Type B programs was \$ 750,000.
9. Florida International Academy was determined to not be a low risk auditee pursuant to the Uniform Guidance.

B. Findings - Financial Statement Audit

Current Year Comments and Recommendations

2018-01 Failure to Perform Required Federal Single Audit:

Condition: In accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) the School was required to conduct a federal single audit as the required threshold for federal awards is currently \$ 750,000 and the School exceeded such threshold. As of the date of this report, the required federal single audit has not been completed.

Current Year Comments and Recommendations (continued)

Criteria: School received more the \$ 750,000 of federal funds during the year ended June 30, 2018.

Cause: Due to the closing of the School, no federal single audit was conducted.

Effect: The School is in noncompliance of Uniform Guidance requirement to conduct a single audit.

Recommendation: We recommend that a federal single audit is conducted when federal funds exceed the \$ 750,000 threshold.

Management's response: Management agrees with auditor recommendation. However, as the School was closing, there were no available funds to pay for this required audit.

C. Findings and Questioned Costs – Major Federal Program Audit

2018-02: National School Lunch Program – CFDA No. 10.555 and School Breakfast Program – CFDA No. 10.553

Condition and Criteria: During the year ended June 30, 2018, the School received over \$ 750,000 in Federal awards. In accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform administrative requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the School was required to conduct a single audit, as the school received federal awards in excess of the required threshold. When a single audit is performed, the audit package and the data collection form is due no later than nine months after the end of the fiscal year. This requirement has not been met and the School is late in their single audit submission.

Cause: The School ceased operations and was not aware of the single audit requirement until after the due date of the data collection form.

Effect: The School will be late in the single audit submission process.

Recommendation: The School should ensure that when a single audit is required, that the audit be performed timely to ensure timely submission.

Management's Response: The School is in agreement with the finding and recommendation. However, due to the School closing, no future single audits will be required and this comment will no longer be applicable once this single audit is submitted.

2018-03: National School Lunch Program – CFDA No. 10.555 and School Breakfast Program – CFDA No. 10.553

Condition and Criteria: During the testing for the single audit, it was noted that since the school ceased operations, certain records were not accessible, and the auditors were unable to test the required items needed for the single audit. These items included viewing eligibility requirements for the students receiving funding, as well as payroll records for the School employees who work in the program for allowable costs and submission of the required reports for the reporting requirement.

Cause: The School ceased operations and was not aware of the single audit requirement, and all records have been removed from the premises.

Effect: The auditors will be unable to test certain items for the single audit.

Recommendation: The School should ensure that when a single audit is required, all records be accessible to allow the auditors to test the required items for the single audit.

Management's Response: The School is in agreement with the finding and recommendation. However, due to the School closing, no future single audits will be required and this comment will no longer be relevant.

D. Other Issues

1. A separate management letter was not issued.
2. No summary schedule of prior audit findings is required because there were no prior findings related to federal programs.
3. A corrective action plan is required in accordance with the Uniform Guidance.