

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORTS THEREON**

**JUNE 30, 2017**

## TABLE OF CONTENTS

	<u>Page</u>
<b>Report of Independent Auditors on Basic Financial Statements and Supplementary Information</b>	1-2
<b>Management's Discussion and Analysis</b>	3-9
<b>Basic Financial Statements:</b>	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Financial Statements	16-27
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule	28-29
<b>Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	30-31
<b>Additional Information Required by Rules of the Florida Auditor General, Chapter 10.850, <i>Audits of Charter Schools and Similar Entities, Florida Virtual School, and Virtual School Instruction Program Providers:</i></b>	
Management Letter	32-34

# **Sotolongo & Associates, P.A.**

## **Certified Public Accountants**

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### **Report of Independent Auditors on Basic Financial Statements and Supplementary Information**

To the Board of Directors of  
Academy for International Education Charter School  
Miami Springs, Florida

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Academy for International Education Charter School (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2017, 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Academy for International Education Charter School as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***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 schedule on pages 3 through 9, and 28 and 29, respectively, 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 23, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Academy for International Education Charter School's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Sotolongo & Associates, P.A." in a cursive script.

Miami, Florida  
August 23, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Academy for International Education Charter School (the "School") presents Management's Discussion and Analysis, which is intended to provide an overview of the School's financial position and changes in financial position for the fiscal year ended June 30, 2017.

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

### FINANCIAL HIGHLIGHTS

The following are among the major financial highlights:

- At June 30, 2017, the School had net position of approximately \$1,109,000.
- At June 30, 2017, the School had current assets of approximately \$1,210,000.
- For the year ended June 30, 2017, the School's revenues exceeded expenses by approximately \$246,000.
- For the year ended June 30, 2017, revenues increased by approximately \$596,000.
- For the year ended June 30, 2017, expenses increased by approximately \$580,000.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

## Government-wide Financial Statements

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

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

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

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

## Fund Financial Statements

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

The School uses the following types of funds:

- *General Fund* – is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- *Special Revenue Fund* – accounts for specific revenue, such as federal grants and capital outlay grants that are legally restricted to expenditures for particular purposes. For the year ended June 30, 2017, the School did not use a special revenue fund.
- *Capital Projects Fund* – to account for the financial resources accumulated that are restricted for capital outlays.
- *Debt Service Fund* – accounts for accumulation of resources for, and the payment of, general long-term debt.

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

### Net Position

The following table provides the School's net position for the fiscal years ended 2017 and 2016:

	<b>Governmental Activities</b>		Amount Increase (Decrease)	% Change
	<b>2017</b>	<b>2016</b>		
Current and other assets	\$ 1,210,361	\$ 1,028,748	\$ 181,613	18%
Capital assets, net	476,210	82,822	393,388	475%
Total assets	<u>1,686,571</u>	<u>1,111,570</u>	<u>575,001</u>	52%
Salaries payable and other accrued expenses	230,081	214,003	16,078	8%
Noncurrent liabilities - due within one year	81,615	17,238	64,377	373%
Noncurrent liabilities - due in more than one year	265,893	17,237	248,656	1443%
Total liabilities	<u>577,589</u>	<u>248,478</u>	<u>329,111</u>	132%
Net position				
Net investment in capital assets	172,333	82,822	89,511	108%
Unrestricted	936,649	780,270	156,379	20%
Total net position	<u>\$ 1,108,982</u>	<u>\$ 863,092</u>	<u>\$ 245,890</u>	28%

Current and other assets of the School, primarily consisting of cash and cash equivalents, increased primarily due to the current year operating surplus. Capital assets increased primarily due to additional capital outlay associated with leasehold improvements. Salaries payable and other accrued expenses increased as a result of additional accrued expenses associated with payroll at end of year. Noncurrent liabilities due within one year and due in more than one year increased primarily as a result of the financing of certain leasehold improvements. The change in total net position was due to the current year operating surplus.

## Change in Net Position

The following table compares the changes in the School's net position from its activities for the fiscal years ended June 30, 2017 and 2016:

	<b>Governmental Activities</b>		Amount	%
	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Change</u>
Revenues:				
State sources	\$ 3,582,445	\$ 3,023,780	\$ 558,665	18%
Contributions and other revenue	78,723	41,024	37,699	92%
Total revenues	<u>3,661,168</u>	<u>3,064,804</u>	<u>596,364</u>	19%
Expenses:				
Instruction	2,095,097	1,701,365	393,732	23%
Student personnel services	115,251	85,649	29,602	35%
Instructional media	-	1,100	(1,100)	-100%
Instruction and curriculum development	-	275	(275)	-100%
Instruction-related technology	58,602	79,299	(20,697)	-26%
Professional development	13,795	9,300	4,495	48%
Board and fiscal services	71,080	36,480	34,600	95%
General administration	274,833	280,219	(5,386)	-2%
School administration	329,547	363,115	(33,568)	-9%
Pupil transportation	240	-	240	100%
Operation and maintenance of plant	327,961	263,040	64,921	25%
Facilities acquisition and construction	64,733	7,945	56,788	715%
Central services	1,946	-	1,946	100%
Community services	3,870	3,220	650	20%
Preschool instruction	58,323	4,206	54,117	1287%
Total expenses	<u>3,415,278</u>	<u>2,835,213</u>	<u>580,065</u>	20%
			-	
Change in net position	<u>\$ 245,890</u>	<u>\$ 229,591</u>	<u>\$ 16,299</u>	7%

State sources increased due primarily to an increase in student enrollment.

Increase in total expenses was primarily due to additional spending required to meet the needs of a larger student body, along with additional budgeted spending on instruction and student personnel services. In addition, there was an increase in costs related to operation and maintenance of plant as a result of additional personnel for security. Facilities acquisition and construction, increased primarily as a result of leasing additional modular equipment, which was necessary in order to accommodate the increased student body. Increases in board and fiscal services resulted primarily from additional fees associated with employee leasing services, and additional fees for certain board related professional services obtained. Such increases were partially offset by cost reductions in school administration and other functions.

## **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

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

As the School completed the fiscal year, its governmental funds reported a combined fund balance of \$980,280. Both revenues and expenditures increased overall for the same reasons described above for the governmental activities.

### **General Fund and Special Revenue Fund Budgetary Highlights**

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

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

For the year ended June 30, 2017, actual general fund revenues were approximately \$16,000 above the final budgeted amounts, which represents a budget variance of 0.45%. Actual general fund expenditures were approximately \$4,000 below the final budgeted amount, which represents a -0.10% budget variance.

Instruction expenditures were approximately \$21,000 below the final budgeted amount, which is comparable to budget. Student personnel services were approximately \$108,000 below the final budgeted amount as a result of less personnel than budgeted for in this function. School administration expenditures were approximately \$51,000 more than the amount budgeted due to additional payroll and related expenditures for administrative staff. Operation of plant expenditures were approximately \$64,000 above the budgeted amount due to additional unexpected operating costs associated expanded facilities.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of June 30, 2017, the School had capital assets, net of accumulated depreciation and amortization, of \$476,210. During the year ended June 30, 2017 the school invested \$458,799 for capital assets pertaining primarily to leasehold improvements.

There were no capital asset disposals in the current year. More detailed information about the School's capital assets is presented in Note 2 to the financial statements.

### **Noncurrent Liabilities**

At the end of fiscal 2017, the School had \$347,508 in noncurrent liabilities outstanding. During the year ended June 30, 2017, the School increased its noncurrent liabilities by \$344,426, pertaining primarily to additional financing obtained for leasehold improvements. More detailed information about the School's noncurrent liabilities are presented in Note 3 to the financial statements.

## **ECONOMIC FACTORS**

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

## **NEXT YEAR'S BUDGET**

For the year ending June 30, 2018, the School's original budget reflects the general fund revenue to be \$4,187,700, which is an increase of \$526,532 over the actual year ended June 30, 2017 amount of \$3,661,168. Budgeted general fund expenditures are expected to be \$3,875,656, which is an increase of \$418,459 from the actual year ended June 30, 2017 amount of \$3,457,197. These increases expected are primarily the result of an increase in the number of students to an estimated 600. No new major activities are anticipated for the year ending June 30, 2018. If these estimates reflected on the budget are realized, the School's budgetary general fund balance is expected to increase for the year ending June 30, 2018.

## **CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

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

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

**STATEMENT OF NET POSITION**

**JUNE 30, 2017**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,144,557
Prepaid expenses and other current assets	7,484
Inventories	58,320
Capital Assets:	
Leasehold improvements	\$ 428,473
Furniture and equipment	109,879
Construction in progress - not being depreciated	81,759
Total capital assets	<u>620,111</u>
Less accumulated depreciation and amortization	<u>(143,901)</u>
Total capital assets, net	<u>476,210</u>
Total assets	<u><u>\$ 1,686,571</u></u>
<b>LIABILITIES</b>	
Salaries payable and other accrued expenses	\$ 230,081
Noncurrent liability:	
Due within one year	
Payable to The School Board of Miami-Dade County, Florida	81,615
Due in more than one year:	
Payable to The School Board of Miami-Dade County, Florida	<u>265,893</u>
Total liabilities	<u>577,589</u>
<b>NET POSITION</b>	
Net investment in capital assets	172,333
Unrestricted	<u>936,649</u>
Total net position	<u>1,108,982</u>
Total liabilities and net position	<u><u>\$ 1,686,571</u></u>

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

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

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2017**

		Program Revenues			Net (Expense) Revenue and Changes in Net position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:	Expenses					
Instruction	\$ 2,095,097	\$ -	\$ -	\$ -	\$ (2,095,097)	\$ (2,095,097)
Student personnel services	115,251	-	-	-	(115,251)	(115,251)
Instruction-related technology	58,602	-	-	-	(58,602)	(58,602)
Professional development	13,795	-	-	-	(13,795)	(13,795)
Board and fiscal services	71,080	-	-	-	(71,080)	(71,080)
General administration	274,833	-	-	-	(274,833)	(274,833)
School administration	329,547	-	-	-	(329,547)	(329,547)
Pupil transportation	240	-	-	-	(240)	(240)
Operation and maintenance of plant	327,961	-	-	-	(327,961)	(327,961)
Facilities acquisition and construction	64,733	-	-	-	(64,733)	(64,733)
Central services	1,946	-	-	-	(1,946)	(1,946)
Community services	3,870	-	-	-	(3,870)	(3,870)
Preschool instruction	58,323	40,475	-	-	(17,848)	(17,848)
Total governmental activities	<u>\$ 3,415,278</u>	<u>\$ 40,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(3,374,803)</u>	<u>(3,374,803)</u>
General revenues:						
State sources					3,582,445	3,582,445
Contributions and other revenue					38,248	38,248
Total general revenues					<u>3,620,693</u>	<u>3,620,693</u>
Change in net position					245,890	245,890
Net position at beginning of year					<u>863,092</u>	<u>863,092</u>
Net position at end of year					<u>\$ 1,108,982</u>	<u>\$ 1,108,982</u>

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

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL**

**A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

**JUNE 30, 2017**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,144,557
Prepaid expenses and other current assets	7,484
Inventories	<u>58,320</u>
Total assets	<u><u>\$ 1,210,361</u></u>
<b>LIABILITIES AND FUND BALANCE</b>	
Salaries payable and other accrued expenses	<u>\$ 230,081</u>
Total liabilities	<u>230,081</u>
Fund balance:	
Nonspendable	65,804
Unassigned	<u>914,476</u>
Total fund balance	<u>980,280</u>
Total liabilities and fund balance	<u><u>\$ 1,210,361</u></u>

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

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL**

**A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

**JUNE 30, 2017**

**Total fund balance – governmental fund** **\$ 980,280**

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

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

The cost of capital assets is:	\$ 620,111	
Related accumulated depreciation and amortization is:	<u>(143,901)</u>	
Total capital assets, net		476,210

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

Payable to The School Board of Miami-Dade County, Florida		
Due within one year	(81,615)	
Due in more than one year:	<u>(265,893)</u>	
		<u>(347,508)</u>

**Total net position – governmental activities** **\$ 1,108,982**

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

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL**

**A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>				
State sources	\$ 3,582,445	\$ -	\$ -	\$ 3,582,445
Contributions and other revenue	78,723	-	-	78,723
Total revenues	<u>3,661,168</u>	<u>-</u>	<u>-</u>	<u>3,661,168</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	2,042,768	-	-	2,042,768
Student personnel services	115,251	-	-	115,251
Instruction-related technology	58,602	-	-	58,602
Professional development	13,795	-	-	13,795
Board and fiscal services	71,080	-	-	71,080
General administration	274,833	-	-	274,833
School administration	316,465	-	-	316,465
Pupil transportation	240	-	-	240
Operation and maintenance of plant	327,961	-	-	327,961
Facilities acquisition and construction	64,733	-	-	64,733
Central services	1,946	-	-	1,946
Community services	3,870	-	-	3,870
Preschool instruction	58,323	-	-	58,323
Debt service				
Payments of amounts due to The School Board of Miami-Dade County, Florida	-	-	31,393	31,393
Capital outlay	107,330	351,469	-	458,799
Total expenditures	<u>3,457,197</u>	<u>351,469</u>	<u>31,393</u>	<u>3,840,059</u>
Excess (deficiency) of revenues over (under) expenditures	203,971	(351,469)	(31,393)	(178,891)
Other financing sources				
Proceeds from noncurrent debt due to The School Board of Miami-Dade County	40,549	303,877	-	344,426
Transfers in	-	47,592	31,393	78,985
Transfers out	(78,985)	-	-	(78,985)
Total other financing sources	<u>(38,436)</u>	<u>351,469</u>	<u>31,393</u>	<u>344,426</u>
Net changes in fund balances	165,535	-	-	165,535
Fund balance at beginning of year	<u>814,745</u>	<u>-</u>	<u>-</u>	<u>814,745</u>
Fund balance at end of year	<u>\$ 980,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 980,280</u>

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

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL**

**A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

**FOR THE YEAR ENDED JUNE 30, 2017**

**Net changes in fund balances – total governmental funds** **\$ 165,535**

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

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

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

Capital outlays	\$ 458,799	
Depreciation and amortization	<u>(65,411)</u>	
		393,388

Repayments of noncurrent liabilities are reported as expenditures in the governmental funds because they require the use of current financial resources. They are reported as a reduction in noncurrent liabilities in the statement of net position. This amount represents the current year repayment of principal on noncurrent liabilities.

31,393

The issuance of noncurrent debt provides current financial resources to governmental funds. This amount represents the current year additions to noncurrent debt.

(344,426)

**Change in net position of governmental activities** **\$ 245,890**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE – 1      ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Academy for International Education Charter School (the "School") is operated by Miami-Dade Foundation for Educational Innovation, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of no less than three and no more than nine members. The School commenced formal operations on August 1, 2011.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School Board of Miami-Dade County, Florida (the "School Board"). The current charter is effective until June 30, 2025, and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is sponsored by the School Board and is considered to be a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School follows generally accepted accounting principles applicable to state and local governmental units.

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

**Recent accounting pronouncements**

The School has adopted guidance issued by the GASB that established fund balance classifications that comprise a hierarchy based primarily on the extent to which an entity is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This guidance improves the usefulness of fund balance information by clarifying the definitions of existing governmental fund types and providing additional classifications of fund balance.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (Continued)**

The School implemented Governmental Accounting Standards Board Statements 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and 65, Items Previously Reported as Assets and Liabilities, during the fiscal year ended June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position.

**Basis of presentation**

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

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

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

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

**Governmental Funds:**

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Capital Projects Fund – to account for the financial resources accumulated that are restricted for capital outlays.
- Special Revenue Fund – to account for the proceeds of specific revenue sources restricted by law or administrative action to expenditure for specific purposes. For the year ended June 30, 2017, no such activity occurred.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (Continued)**

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

For purposes of these statements, the general fund constitutes the major fund, and the capital projects fund and debt service fund are considered non-major.

**Basis of accounting**

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

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

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

**Use of estimates**

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

**Budgetary basis accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries and purchased services).

**Deposits and investments**

The School maintains its cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, the School is entitled to aggregate coverage of \$250,000 per financial institution. As of June 30, 2017, the School had deposits with custodial credit risk exposure in excess of FDIC coverage totaling approximately \$895,000.

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (Continued)**

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

**Inventories**

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

**Capital assets, depreciation and amortization**

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Capital assets reflected on the statement of net position are reported at cost, or at the acquisition value of the assets if received via a gift, and net of accumulated depreciation and amortization. For purposes of recording capital assets, the School has a capitalization threshold of \$1,000.

The School considers that capital assets are used primarily by the instructional and school administration function, and has derived an allocation percentage of 80% and 20%, respectively for such functions.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u><b>Years</b></u>
Leasehold improvements	4 - 8
Furniture, fixtures and equipment	4 – 10

**Income taxes**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (Continued)**

**Revenue sources**

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

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the Florida Education Finance Program ("FEFP"). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. This administrative fee is calculated on the FEFP revenue up to 250 students. The administrative fee charged by the School Board during the year ended June 30, 2017, was approximately \$85,000.

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

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

**Net Position and Fund Balance Classifications**

***Government-wide financial statements***

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (Continued)**

***Fund Financial Statements***

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

1. Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans, and notes receivable, and property held for sale (unless the proceeds are restricted committed or assigned). All nonspendable fund balances at year end relate to assets not in spendable form.
2. Restricted – fund balance associated with amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2017, the School did not have any restricted fund balances.
3. Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. At June 30, 2017, the School did not have any committed fund balances.
4. Assigned – fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2017, the School did not have assigned fund balances.
5. Unassigned – fund balance classification is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

**Fund balance spending policy**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (Continued)**

**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 and so will not be recognized as an expense or expenditure until then. The School has no items that meet this criterion. In addition to liabilities, the statement of 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 and so will not be recognized as revenue until then. The School has no items that meet this criterion.

**Subsequent events**

The School has adopted guidance that requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through August 23, 2017, which is the date the financial statements were available to be issued.

**NOTE – 2 CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Leasehold improvements	\$ 66,048	\$ 362,425	\$ -	\$ 428,473
Furniture and equipment	95,264	14,615	-	109,879
Construction in progress - not being depreciated	-	81,759	-	81,759
Total capital assets	161,312	458,799	-	620,111
Less accumulated depreciation and amortization				
Leasehold improvements	(35,373)	(44,721)	-	(80,094)
Furniture and equipment	(43,117)	(20,690)	-	(63,807)
Total accumulated depreciation and amortization	(78,490)	(65,411)	-	(143,901)
Governmental activities capital assets, net	\$ 82,822	\$ 393,388	\$ -	\$ 476,210

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL**

**A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (Continued)**

Included in the additions to leasehold improvements during the year ended June 30, 2017, are \$351,469 related to improvements for the use of certain leased modular classroom equipment described in Note 6. The cost these leasehold improvements were originally paid by the School Board on behalf of the School. During the year ended June 30, 2017, the School reimbursed the School Board \$47,592 of such costs. The remaining amount of \$303,877 is being financed by the School Board (see Note 3).

Depreciation and amortization expense was charged to functions as follows:

Governmental activities:

Instruction	\$ 52,329
School administration	13,082
Total depreciation and amortization	<u>\$ 65,411</u>

**NOTE – 3 NONCURRENT LIABILITIES**

Activity pertaining to noncurrent liabilities for the year ended June 30, 2017 consisted of the following:

1) An increase of a noncurrent liability payable to the School Board pertaining to the financing of certain leasehold improvements made during the year ended June 30, 2017 (see Note 2). As of the date the accompanying financial statements were available to be issued, the School was in the process of establishing the terms of the agreement, in which the School expects to pay the School Board over a period of eight years.

2) During the year ended June 30, 2017, an increase of the noncurrent liability payable to the School Board pertaining to additional lease operating expenses, in which the School Board permitted the School to pay over 18 months starting in January 2017. The corresponding reduction of this liability resulted from scheduled payments due to the School Board.

The following summarizes the activity for the noncurrent liabilities during the year ended June 30, 2017:

	1) Leasehold improvement Payable - Modulars	2) Lease Operating Expenses Payable	Total
Balance outstanding at beginning of year	\$ -	\$ 34,475	\$ 34,475
Additions	303,877	40,549	344,426
Reductions	<u>-</u>	<u>(31,393)</u>	<u>(31,393)</u>
Balance outstanding at end of year	<u>\$ 303,877</u>	<u>\$ 43,631</u>	<u>\$ 347,508</u>
Amount due within one year	<u>\$ 37,984</u>	<u>\$ 43,631</u>	<u>\$ 81,615</u>

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL**

**A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (Continued)**

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

The following table summarizes the School's future debt service requirements as of June 30, 2017:

Year ending June 30,	
2018	\$ 81,615
2019	37,984
2020	37,984
2021	37,985
2022	37,985
2023 - 2025	113,955
Total	<u>\$ 347,508</u>

**NOTE – 4 SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of state revenue sources for the year ended June 30, 2017:

Florida Education Finance Program	\$ 2,645,534
Class size reduction	582,649
Supplemental academic instruction	173,900
ESE guaranteed allocation	71,693
Instructional materials / textbooks	38,918
Safe schools	14,641
Other	55,110
Total	<u>\$ 3,582,445</u>

**NOTE – 5 RISK MANAGEMENT PROGRAM**

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL**

**A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (Continued)**

**NOTE – 6      COMMITMENTS AND CONTINGENT LIABILITIES**

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

**Legal matters**

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

**Lease commitments**

The School leases the school facilities, inclusive of all classrooms, parking and ancillary spaces, located in Miami Springs, Florida from the School Board. The lease has been amended to extend the term through June 30, 2025. The School's obligation under the lease is the proportionate share of the facility's operating expenses. Pursuant to the lease agreement, the amount of the operating expense is adjusted to the preceding year's reported actual cost per square foot for these services. For the year ended June 30, 2017, the School's lease payment obligation was based on the base operating expenses for the period from August 1, 2015 through December 31, 2016, which were calculated in November 2016 by the School Board (the "Calculation"). The Calculation resulted in additional rent due by the School of approximately \$40,550. The lease has also been amended to increase the demised square footage from 20,209 to 24,526. Based on increased square footage and the rate per square foot derived from the Calculation, the adjusted monthly rent for the year ended June 30, 2017 was calculated as \$18,293. Included in noncurrent liability at June 30, 2017, is approximately \$26,400, which remains due to the School Board pertaining to the rent for the additional square footage for the period from August 1, 2015 to December 31, 2016. In addition, included in salaries payable and other accrued expenses are \$28,353 associated with other expected lease costs pertaining to additional occupied space by the School during the year ended June 30, 2017.

The total expense related to the lease with the School Board during the year ended June 30, 2017, was approximately \$237,000 and is included in the accompanying financial statements under the caption operation and maintenance of plant.

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL**

**A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (Continued)**

In June 2016, the School entered into a lease for modular classroom equipment. The lease is for a 24 month period. The total cost of the lease for the two year period is approximately \$136,000, and includes installation and removal of leased equipment. For the year ended June 30, 2017, the total expense related to this lease was approximately \$65,000.

The following is a schedule of estimated future minimum lease payments as of June 30, 2017:

Year ending June 30,	School Board	Other	Total
2018	\$ 250,440	\$ 62,200	\$ 312,640
2019	250,440	-	250,440
2020	250,440	-	250,440
2021	250,440	-	250,440
2022	250,440	-	250,440
2023 - 2025	751,320	-	751,320
Total	<u>\$ 2,003,520</u>	<u>\$ 62,200</u>	<u>\$ 2,065,720</u>

The above amounts reflected for the lease with the School Board are based on current calculated operating cost amounts based on square footage currently being occupied.

The School subleases a portion of its facility to an after-school program. The lease was extended for another three years ending June 30, 2019. The lease may be terminated by either party for any reason upon ninety days written notice. The total revenue related to this sublease in fiscal 2017 was approximately \$29,000, and is included in the accompanying financial statements under the caption of contributions and other revenue.

**NOTE – 7      MANAGEMENT AGREEMENT**

The School has a management agreement ("Agreement") with the School Board to provide management and administration services to the School. For the year ended June 30, 2017, the negotiated management fee was \$440 per K-8 full-time equivalent student up to 400 students, and \$110 for each student thereafter. For fiscal year ended June 30, 2017, management fees totaled approximately \$190,000 and are included in the accompanying financial statements under the caption of general administration expense/expenditure. The current management agreement is in effect through June 30, 2025.

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL**

**A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017 (Continued)**

**NOTE – 8      DEFINED CONTRIBUTION PLAN**

The School's employees are eligible to participate in a 401(k) Profit Sharing Plan ("the Plan"), which was made available by the School's payroll provider. The Plan is available to employees that meet certain eligibility criteria. The School currently does not contribute to this plan.

**NOTE – 9      INTERFUND TRANSFERS**

The following is a schedule of interfund transfers for the year ended June 30, 2017:

Purpose	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>
Transfer from General Fund to Capital Projects Fund for payment of leasehold improvements	\$ (47,592)	\$ 47,592	\$ -
Transfer from General Fund to Debt Service Fund for payment of debt service	(31,393)	-	31,393
	<u>\$ (78,985)</u>	<u>\$ 47,592</u>	<u>\$ 31,393</u>

# ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL

## A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

### REQUIRED SUPPLEMENTARY INFORMATION

#### BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Original	Budgeted Final	GAAP Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>				
State sources	\$ 3,759,500	\$ 3,563,200	\$ 3,582,445	\$ 19,245
Contributions and other revenue	93,300	81,500	78,723	(2,777)
Total revenues	<u>3,852,800</u>	<u>3,644,700</u>	<u>3,661,168</u>	<u>16,468</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	1,913,649	2,063,949	2,042,768	21,181
Student personnel services	223,098	223,133	115,251	107,882
Instruction-related technology	115,000	85,000	58,602	26,398
Professional development	11,400	11,400	13,795	(2,395)
Board and fiscal services	110,562	75,051	71,080	3,971
General administration	291,750	277,140	274,833	2,307
School administration	261,985	265,027	316,465	(51,438)
Pupil transportation	2,500	2,500	240	2,260
Operation and maintenance of plant	331,473	264,197	327,961	(63,764)
Facilities acquisition and construction	-	127,599	64,733	62,866
Central services	-	-	1,946	(1,946)
Community services	-	-	3,870	(3,870)
Preschool instruction	64,769	65,703	58,323	7,380
Capital outlay	-	-	107,330	(107,330)
Total expenditures	<u>3,326,186</u>	<u>3,460,699</u>	<u>3,457,197</u>	<u>3,502</u>
Excess of revenues over expenditures	526,614	184,001	203,971	19,970
Other financing sources				
Proceeds from noncurrent debt due to the School Board of Miami-Dade County	-	-	40,549	40,549
Transfers out	-	-	(78,985)	(78,985)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(38,436)</u>	<u>(38,436)</u>
Net changes in fund balance	<u>\$ 526,614</u>	<u>\$ 184,001</u>	165,535	<u>\$ (18,466)</u>
Fund balance at beginning of year			<u>814,745</u>	
Fund balance at end of year			<u>\$ 980,280</u>	

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

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL**

**A CHARTER SCHOOL SPONSORED BY  
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)**

**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTES TO BUDGETARY COMPARISON SCHEDULES**

The School's budgets presented in the accompanying budgetary comparison schedules are annually adopted and prepared using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. Amendments to the School's budgets can only be made with the approval of the board of directors.

# **Sotolongo & Associates, P.A.**

## **Certified Public Accountants**

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### **Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of  
Academy for International Education Charter School  
Miami Springs, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Academy for International Education Charter School (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2017, 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 23, 2017.

#### **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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

A handwritten signature in blue ink that reads "Sotolongo & Associates, P.A." in a cursive script.

Miami, Florida  
August 23, 2017

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

# **Sotolongo & Associates, P.A.**

## **Certified Public Accountants**

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To the Board of Directors of  
Academy for International Education Charter School  
Miami Springs, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Academy for International Education Charter School, a charter school sponsored by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2017, and have issued our report thereon dated August 23, 2017.

### **Auditor's Responsibility**

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

### **Other Report**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated, August 23, 2017, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the School is Academy for International Education Charter School. The name of the not-for-profit entity that operates the School is Miami-Dade Foundation for Educational Innovation, Inc.

### **Financial Condition**

Section 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Academy for International Education Charter 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 Academy for International Education Charter School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the Academy for International Education Charter School. It is management's responsibility to monitor the Academy for International Education Charter 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. We performed the financial condition assessment procedures for the year ended June 30, 2017, which included calculation and analysis of certain financial indicators we considered relevant to the School. No deteriorating financial condition was noted as a result of this assessment.

### **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 Academy for International Education Charter School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the Academy for International Education Charter School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Other Matters**

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

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 did not have any such findings.

### **Purpose of this Letter**

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

A handwritten signature in blue ink that reads "Scatolongo & Associates, P.A.".

Miami, Florida  
August 23, 2017