

**ACADEMY OF ARTS AND MINDS CHARTER
HIGH SCHOOL
MIAMI, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL BOARD
OF MIAMI-DADE COUNTY, FLORIDA)**

**BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITORS' REPORT AND SUPPLEMENTAL
INFORMATION**

JUNE 30, 2015

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2015

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ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL

3138 Commodore Plaza
Miami, FL 33133
(305)271-3109

2014-2015

BOARD OF DIRECTORS

Ms. Sheri Friedman
Mr. Octavio Hernandez
Ms. Lourdes Pena
Mr. Sinuhe Vega

SCHOOL ADMINISTRATION

Ms. Antonietta M. Digirolamo, Principal
Mr. Jorge L. Fernandez, Assistant Principal



INDEPENDENT AUDITORS' REPORT

Board of Directors
Academy of Arts and Minds Charter High School
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of Academy of Arts and Minds Charter High School (the "School"), a charter school under Acting for All, Inc., which is a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2015, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and budgetary comparison information on pages 26 through 29 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 Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2015, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 1, 2015

Management's Discussion and Analysis
Academy of Arts and Minds Charter High School
June 30, 2015

The corporate officers of Academy of Arts and Minds Charter High School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

1. The liabilities of the School exceeded its assets June 30, 2015 by \$416,534 (deficit).
2. At year-end, the School had current assets of \$122,103.
3. The net position of the School decreased by \$196,909 for the fiscal year ended June 30, 2015.
4. The School has paid all of its accrued wages payable of \$152,846 subsequent to year-end.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2015 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 11 – 12 of this report.

Fund Financial Statements

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

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

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing.

Prior to the start of the School’s fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School’s governmental funds to demonstrate compliance with the School’s budget. The basic governmental fund financial statements can be found on pages 13 - 17 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 18 - 25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school’s financial position. A summary of the School’s net position as of June 30, 2015 and 2014 follows:

	Assets	2015	2014
Cash		\$ 101,103	\$ 78,071
Due from other agencies		-	16,938
Prepaid expenses		21,000	-
Contributions receivable		56,250	56,250
Deposits receivable and other assets		5,320	5,320
Capital assets, net		64,438	58,176
Total Assets		<u>\$ 248,111</u>	<u>\$ 214,755</u>
Liabilities and Net Position			
Accounts and wages payable and accrued liabilities		\$ 319,182	\$ 200,109
Loans payable		345,463	234,271
Total Liabilities		<u>664,645</u>	<u>434,380</u>
Net investment in capital assets		64,438	58,176
Unrestricted		<u>(480,972)</u>	<u>(277,801)</u>
Total Net Position		<u>(416,534)</u>	<u>(219,625)</u>
Total Liabilities and Net Position		<u>\$ 248,111</u>	<u>\$ 214,755</u>

At June 30, 2015, the School's total assets were \$248,111 and total liabilities were \$664,645. At June 30, 2015, the School reported a total net position deficit of \$416,534. During the year, the School faced financial issues due to the decreased enrollment of the School and also due to the fixed price contracts that it had entered into previously with companies owned by a former founder of the School. The School, through the help of the current management, was able to negotiate amounts owed to the landlord and other vendors and reduce the amounts due at year-end. In addition, the School was able to terminate all previous contracts and enter into reduced fee contracts for rent, parking, food, and other services. We had a challenging enrollment year of 337 during 2014-2015 as the transition of the Management firm took place in May of 2014. In addition, the school has increased its enrollment by 18% for the 2015-2016 school year with 397 students attending. This will allow the school to recover as provided to the Sponsor and provide for Capital Outlay revenue to be released.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2015 and 2014 follows:

REVENUES	2015	2014
Program Revenues		
Revenue from state sources	\$ 15,348	\$ -
Capital grants & contributions	119,781	209,871
Charges for services	12,895	-
General Revenues		
FEFP nonspecific revenue	1,914,111	1,979,443
Fundraising & other revenue	69,655	108,827
Total Revenues	<u>2,131,790</u>	<u>2,298,141</u>
EXPENSES		
Instruction	1,002,137	1,103,356
Instructional media services	11,080	105,253
Board	61,870	33,945
General administrative	177,348	122,350
School administration	307,542	375,637
Fiscal services	13,505	29,208
Food services	51,550	55,455
Central services	22,001	-
Pupil personnel services	56,661	57,244
Operation of plant	536,441	534,320
Maintenance of plant	65,310	98,594
Interest expense	8,028	-
Unallocated depreciation	15,226	21,350
Total Expenses	<u>2,328,699</u>	<u>2,536,712</u>
Change in Net Position	(196,909)	(238,571)
Net Position at Beginning of Year	(219,625)	18,946
Net Position at End of Year	<u>\$ (416,534)</u>	<u>\$ (219,625)</u>

The School's total revenues for the year ended June 30, 2015 were \$2,131,790 while its total expenses were \$2,328,699 for a net decrease of \$196,909. The School's total expenses decreased by \$208,013 due to enrollment staying stagnant for the 2014-2015 school year. This was due to the new management firm, which was hired May 2014, not having ample time to properly recruit. The school was stabilized in its systems and enrollment has increased 18% for

the 2015-2016 school year. This will create an additional revenue in excess of approximately \$390,000 with expenses remaining similar to the prior year.

ACCOMPLISHMENTS

The School was just recognized by U.S. News as a one of the Top 5% High Schools in the State of Florida. The board of directors underwent a complete restructuring of its business plan under the guidance of its new management firm, S.M.A.R.T. Management. This Financial Recover Plan was submitted to Miami Dade County Public Schools and a 5 year charter renewal was granted in 2014. The board chose S.M.A.R.T. Management Schools since they represented 6 other charter schools in South Florida of which two were recognized as "A" schools and the other two were recognized as "B" schools.

In June 2015, we had 50% of our graduating students enter a four-year college or university, 30% of graduating students entered a two-year college, 17% entered a vocational/technical program and 3% joined the military. In addition, 40% of our graduating class accepted offers from out of state colleges and universities.

One of our biggest accomplishments as a Performing Arts High School was the fact that 100% of our graduating dance-strand students attended auditions, received scholarships and were offered acceptance to collegiate dance programs.

Another large accomplishment comes from our Theatre-Strand students. Ninety percent received scholarships and college acceptance to prestigious programs such as the New York Conservatory for Dramatic Arts.

Members of our 2015 graduating class earned over \$500,000 in scholarships. We feel the student is molded as a well rounded student by exposure to the community and giving back. Because of this we have documented 72% of the student population involved in extra-curricular activities and/or clubs.

SCHOOL LOCATION

The School operates in the Miami area located at 3138 Commodore Plaza, Miami, FL 33133.

CAPITAL IMPROVEMENT REQUIREMENT

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

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

At the end of the fiscal year, the School's governmental funds reported combined ending fund balance deficit of \$135,509 and a decrease in fund balance of \$91,979.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2015, amounts to \$64,438 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture, fixtures and equipment and audio visual materials and computer software.

GOVERNMENTAL FUND BUDGET ANALYSIS

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 1,950,801	\$ 1,950,801	\$ 1,914,111
State capital outlay funding	197,493	197,493	119,781
Federal lunch program	39,500	39,500	15,348
Charges for services and other grants	24,000	24,000	12,895
Other income	-	-	19,293
TOTAL REVENUES	2,211,794	2,211,794	2,081,428
EXPENDITURES			
Instruction	860,700	860,700	1,002,137
Instructional support services	-	-	-
Instructional media services	40,200	40,200	11,080
Instructional staff training services	3,600	3,600	-
Instruction & curriculum development	3,600	3,600	-
General administrative	101,432	101,432	177,348
School board	34,800	34,800	61,870
School administration	314,052	314,052	307,542
Facilities acquisition & construction	-	-	21,488
Fiscal services	9,840	9,840	13,505
Food services	12,000	12,000	51,550
Central services	-	-	22,001
Pupil personnel services	91,368	91,368	56,661
Operation of plant	503,787	503,787	536,441
Maintenance of plant	24,000	24,000	65,310
Debt service	48,910	48,910	117,917
TOTAL EXPENDITURES	2,048,289	2,048,289	2,444,850
Change in fund balance before other financing sources	163,505	163,505	(363,422)
Other financing sources	-	-	271,443
Net change in fund balance	\$ 163,505	\$ 163,505	\$ (91,979)

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Mr. Juan Carlos Quintana of S.M.A.R.T. Management, LLC located at 7990 Southwest 117th Avenue #210, Miami, Florida 33183.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u> <u>2015</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 101,103
Prepaid expenses	21,000
TOTAL CURRENT ASSETS	<u>122,103</u>
Contributions receivable	56,250
CAPITAL ASSETS	
Furnitures and fixtures	120,487
Less accumulated depreciation	(109,471)
Computer equipment and software	72,189
Less accumulated depreciation	(46,352)
Audio visual and other equipment	53,997
Less accumulated depreciation	(48,359)
Leasehold improvements	24,676
Less accumulated depreciation	(2,729)
Total capital assets, net	<u>64,438</u>
Deposit receivable and other assets	<u>5,320</u>
TOTAL ASSETS	<u><u>\$ 248,111</u></u>
LIABILITIES AND NET POSITION (DEFICIT)	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 166,336
Accrued wages payable	152,846
Loans payable- current portion	66,333
TOTAL CURRENT LIABILITIES	<u>385,515</u>
Loans payable- long-term portion	279,130
TOTAL LIABILITIES	<u>664,645</u>
NET POSITION (DEFICIT)	
Invested in capital assets, net of related debt	64,438
Unrestricted	(480,972)
TOTAL NET POSITION (DEFICIT)	<u>(416,534)</u>
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	<u><u>\$ 248,111</u></u>

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

**ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

2015					
Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,002,137	\$ -	\$ -	\$ -	\$ (1,002,137)
Instructional media services	11,080	-	-	-	(11,080)
Board	61,870	-	-	-	(61,870)
General administrative	177,348	-	-	-	(177,348)
School administration	307,542	-	-	-	(307,542)
Facilities acquisition & construction	-	-	-	-	-
Fiscal services	13,505	-	-	-	(13,505)
Food services	51,550	12,895	15,348	-	(23,307)
Central services	22,001	-	-	-	(22,001)
Pupil personnel services	56,661	-	-	-	(56,661)
Operation of plant	536,441	-	-	119,781	(416,660)
Maintenance of plant	65,310	-	-	-	(65,310)
Interest expense	8,028	-	-	-	(8,028)
Unallocated depreciation expense	15,226	-	-	-	(15,226)
Total Governmental Activities	\$ 2,328,699	\$ 12,895	\$ 15,348	\$ 119,781	\$ (2,180,675)
GENERAL REVENUES:					
Government grants not restricted to specific programs					\$ 1,914,111
Fundraising and other revenue					69,655
Total general revenues					<u>1,983,766</u>
Change in Net Position					(196,909)
NET POSITION (DEFICIT)- BEGINNING					<u>(219,625)</u>
NET POSITION (DEFICIT) - ENDING					<u><u>\$ (416,534)</u></u>

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2015

	2015
	<u>Governmental Fund</u>
ASSETS	
Cash and cash equivalents	\$ 101,103
Contributions receivable	56,250
Prepaid expenses	21,000
Deposit receivable and other assets	5,320
TOTAL ASSETS	<u><u>\$ 183,673</u></u>
LIABILITIES AND FUND BALANCE (DEFICIT)	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 166,336
Accrued wages payable	152,846
TOTAL LIABILITIES	<u>319,182</u>
FUND BALANCE (DEFICIT)	
Nonspendable	
Deposit receivable and other assets	5,320
Deficit in unassigned	(140,829)
TOTAL FUND BALANCE (DEFICIT)	<u>(135,509)</u>
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	<u><u>\$ 183,673</u></u>

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balance (Deficit) - Governmental Funds \$ (135,509)

Amounts reported for governmental activities in the statement of net assets are the same. There are no reconciling items.

Capital assets of \$271,349, net of accumulated depreciation of \$206,911 used in governmental activities are not financial resources and therefore are not reported in the fund. 64,438

Long-term liabilities of \$345,463 are not due and payable in the current period and therefore, are not reported in the funds. (345,463)

Total Net Position (Deficit) - Governmental Activities \$ (416,534)

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	2015			
	Governmental Funds	Capital Projects Fund	Special Revenue Fund	Total Governmental
REVENUES				
State passed through local	\$ 1,914,111	\$ -	\$ -	\$ 1,914,111
State capital outlay funding	-	119,781	-	119,781
Federal lunch program	-	-	15,348	15,348
Charges for services and other grants	-	-	12,895	12,895
Other income	19,293	-	-	19,293
TOTAL REVENUES	1,933,404	119,781	28,243	2,081,428
EXPENDITURES				
Current:				
Instruction	1,002,137	-	-	1,002,137
Instructional media services	11,080	-	-	11,080
Board	61,870	-	-	61,870
General administrative	177,348	-	-	177,348
School administration	307,542	-	-	307,542
Fiscal services	13,505	-	-	13,505
Food services	23,307	-	28,243	51,550
Central services	22,001	-	-	22,001
Pupil personnel services	56,661	-	-	56,661
Operation of plant	416,660	119,781	-	536,441
Maintenance of plant	65,310	-	-	65,310
Capital Outlay:				
Other capital outlay	21,488	-	-	21,488
Debt Service:				
Redemption of principal	109,889	-	-	109,889
Interest	8,028	-	-	8,028
TOTAL EXPENDITURES	2,296,826	119,781	28,243	2,444,850
Excess of expenditures over revenues	(363,422)	-	-	(363,422)
OTHER FINANCING SOURCES				
Proceeds from long-term refinancing	271,443	-	-	271,443
Total other financing sources	271,443	-	-	271,443
Net change in fund balance	(91,979)	-	-	(91,979)
Deficit at beginning of year	(43,530)	-	-	(43,530)
Deficit at end of year	\$ (135,509)	\$ -	\$ -	\$ (135,509)

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

**ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Change in Fund Balance - Governmental Funds \$ (91,979)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$21,488 exceeded depreciation of \$15,226. 6,262

The proceeds from long-term financing provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds of \$271,443 exceeded repayments of \$109,889 in the current period. (161,554)

The statement of activities reports income from the forgiveness of long-term debt. However, this is not reported in the governmental funds. This is the amount of long-term debt that has been forgiven which was originally reported in the statement of net position. 50,362

Change in Net Position of Governmental Activities \$ (196,909)

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

**ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES- AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Agency Fund Student Activity
ASSETS	
Cash	<u>\$ 11,986</u>
TOTAL ASSETS	<u><u>\$ 11,986</u></u>
LIABILITIES	
Due to student groups and clubs	<u>\$ 11,986</u>
TOTAL LIABILITIES	<u><u>\$ 11,986</u></u>

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

**ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Academy of Arts and Minds Charter High School, (the “School”) a component unit of the School Board of Miami-Dade County, Florida is sponsored by its charter-holder, Acting for All, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors which is comprised of five members.

The general operating authority of Academy of Arts and Minds (the “School”) is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2015 and was subsequently renewed through June 30, 2020. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed for up to an additional 15 years by mutual agreement.

These financial statements are for the year ended June 30, 2015, when 337 students were enrolled in grades 9th through 12th.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

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

**ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis Accounting

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

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Accounts receivable

Accounts receivable consists of after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

Due from Other Agencies

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

**ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Building and improvements	39 Years

Compensated Absences

The School grants a specific number of days for sick/personal leave. The School grants one day for sick/personal leave per month which is accrued from September through June. Full-time employees are eligible for one day per month to up to ten days of active work during the ten-month period (a "benefit year"). In the event that available time is not used by the end of the benefit year, employees may "rollover" all unused days for use in future benefit years. There is no cash out option. There is currently no termination payment for accumulated unused sick days, however the board will be reviewing the maximum amount of days it will allow for pay out upon termination of employment.

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

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Government-wide Fund Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2015, was \$64,438.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2015 was \$0.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2015, the School had \$5,320 in nonspendable fund balance.

**ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances (Continued)

- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2015, there is no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2015, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2015, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First Non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2015, there are no minimum fund balance requirements for any of the School’s funds.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Miami-Dade County (the “School Board”) pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

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

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 1, 2015, which is the date the financial statements were available to be issued.

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2015:

	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015
Capital Assets				
Furniture & fixtures	\$ 114,767	\$ 5,720	\$ -	\$ 120,487
Computer equipment & software	60,850	11,339	-	72,189
Audio visual & other equipment	52,750	1,247	-	53,997
Leasehold improvements	21,494	3,182	-	24,676
Total Capital Assets	249,861	21,488	-	271,349
Less Accumulated Depreciation				
Furniture & fixtures	(106,866)	(2,605)	-	(109,471)
Computer equipment & software	(36,001)	(10,351)	-	(46,352)
Audio visual & other equipment	(46,974)	(1,385)	-	(48,359)
Leasehold improvements	(1,844)	(885)	-	(2,729)
Total Accumulated Depreciation	(191,685)	(15,226)	-	(206,911)
Capital Assets, net	\$ 58,176	\$ 6,262	\$ -	\$ 64,438

Depreciation expense for the year ended June 30, 2015, was \$15,226.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

The School had contributions receivable from its Founder (see Note 8) totaling \$56,250 as of June 30, 2015. Management performed an assessment of these receivables and determined an allowance for doubtful accounts was not considered necessary.

**ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 5 – TRANSACTIONS WITH MANAGEMENT COMPANY

In April 2014, the School entered into an agreement with S.M.A.R.T. Management LLC to provide professional management and consulting services to the School. In its capacity as the management company, S.M.A.R.T. Management LLC manages the finances and operations and makes recommendations to the School's independent board of directors which make the final determinations regarding policies and contracts. In providing management services to the School, officers of the management company may not serve as members of the Board of Directors to the School. The agreement is for a term of five years with a School option to renew. The contract calls for a management fee of 4% of full time equivalent (FTE) revenues based on the total number of full time equivalents (FTE) during the first fiscal academic year ending June 30, 2015. For the second year and each consecutive year in which enrollment is under 400 students, the fee will be 8%. Once the number of students exceeds 400, the fee will be 10%. Amounts paid to S.M.A.R.T. Management LLC for these services totaled \$74,495 for the year ended June 30, 2015.

During the year ended June 30, 2015, S.M.A.R.T. Management LLC advanced funds to the School to pay for certain expenses. (See NOTE 6).

In addition, S.M.A.R.T. Management LLC is guaranteeing a note payable agreement between the School and MG3 Capital, LLC. (See NOTE 6)

NOTE 6 – NOTES PAYABLE

The School has entered into note payable agreements with the following entities:

Commodore Plaza Parking, L.C.

The School entered into this note payable agreement in April 2014. The terms of the note payable agreement consist of 59 monthly payments of principal and interest of \$1,481 beginning August 15, 2014, and a final payment equal to the unpaid principal balance plus any accrued and unpaid interest on July 15, 2019. The note bears interest at a fixed rate of 5%.

A&M Square Food Services, LLC

The School entered into this note payable agreement in April 2014. The terms of the note payable agreement consist of 59 monthly payments of principal and interest of \$459 beginning August 15, 2014, and a final payment equal to the unpaid principal balance plus any accrued and unpaid interest on July 15, 2019. The note bears interest at a fixed rate of 5%.

EDU Management, LLC

The School entered into this note payable agreement in April 2014. The terms of the note payable agreement consist of 59 monthly payments of principal and interest of \$1,550 beginning August 15, 2014, and a final payment equal to the unpaid principal balance plus any accrued and unpaid interest on July 15, 2019. The note bears interest at a fixed rate of 5%.

Kelly Universal Services, Inc.

The School removed the amount due to Kelly Universal Service, Inc. during the year. The School believes that this amount is not due and payable to the company as of June 30, 2015.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 6 – NOTES PAYABLE (Continued)

MG3 Capital, LLC

The School entered into a \$150,000 note payable agreement in June 2015. The terms of the note payable agreement consist of monthly interest only payments commencing July 10, 2015 for a period of 24 months, at a fixed rate of 6% for the first two months of the note, 8% for the next two months of the note, and 10% for the remaining months through the maturity date of June 10, 2017. The entire principal balance of \$150,000 will be due in one lump sum payment together with accrued interest, if any, on the maturity date.

S.M.A.R.T. Management LLC

During the year, S.M.A.R.T. Management LLC (See NOTE 5) advanced \$121,443 to the School to pay for certain expenses. The School paid back \$90,000 during the year, and at June 30, 2015, there was a payable of \$31,443. This amount will be paid within one year.

The School's obligation under notes payable consists of the following:

	Balance at 7/1/2014	Additions	Repayments	Adjustments	Balance at 6/30/2015
Commodore Plaza Parking, L.C.	\$ 23,970	\$ -	\$ (8,439)	\$ -	\$ 15,531
A&M Square Food Services, LLC	78,165	-	(2,624)	-	75,541
EDU Management, LLC	81,774	-	(8,826)	-	72,948
Kelly Universal Services, Inc.	50,362	-	-	(50,362)	-
MG3 Capital, LLC	-	150,000	-	-	150,000
SMART Management, LLC	-	121,443	(90,000)	-	31,443
	<u>\$ 234,271</u>	<u>\$ 271,443</u>	<u>\$ (109,889)</u>	<u>\$ (50,362)</u>	<u>\$ 345,463</u>

Maturities of long-term debt are as follows:

<u>Year Ended June 30,</u>	
2016	\$ 66,333
2017	186,675
2018	38,551
2019	40,523
2020	13,381
	<u>\$ 345,463</u>

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The School entered into a lease agreement in April 2014 to lease facilities subsequent to the termination of a former agreement. Payments began August 15, 2014, and required an annual rent of \$340,000, payable monthly, through August 15, 2015. The base amount for year 2, beginning August 2015, is the greater of \$400,000 or \$1,000 multiplied by the number of enrolled students plus any increases due to a Consumer Price Index (CPI) adjustment. The base amount for year 3, beginning August 2016, is the greater of \$400,000 or \$1,100 multiplied by the number of enrolled students plus any increases due to a CPI adjustment. Beginning July 2017, base rent will be equal to the prior year base rent plus the rent increase over the prior year due to a CPI adjustment. The term of this agreement is for 25 years.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

In May 2014, the School entered into a parking property use agreement. The agreement commences July 1, 2014 through June 30, 2019, and requires monthly lease payments of \$4,500.

The total estimated future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	
2016	\$ 449,000
2017	454,000
2018	454,000
2019	454,000
2020	454,000
Total	<u>\$ 2,265,000</u>

NOTE 8 – RELATED PARTIES

The School had transactions in prior years with several related vendors managed and owned by a former founding board member of the School (the “Founder”). The entities are as follows: Commodore Plaza Parking, L.C. (the “Landlord”), A&M Square Food Services, LLC (the “Food Service Provider”) and EDU Management, LLC (the “EDU”). The Founder was not a member of the Board of Directors during the fiscal year ended June 30, 2015.

Notes payable

The School has notes payable to the above related parties. Balances owed at June 30, 2015, to the above vendors amounted to \$164,020 (see Note 6).

Contribution Receivable

The School has an amount due from the Founder totaling \$56,250 as of June 30, 2015 (see Note 4).

NOTE 9 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2015, the carrying amount of the School’s cash deposit accounts was \$101,103 (operating) and \$11,986 (agency) and the respective bank balances totaled \$101,659 (operating) and \$11,986 (agency). As of June 30, 2015, balances held in financial institutions did not exceed the Federal Depository Insurance Corporation (FDIC) limit.

NOTE 10 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 11 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

REQUIRED SUPPLEMENTAL INFORMATION

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 1,950,801	\$ 1,950,801	\$ 1,914,111
Other income	-	-	19,293
TOTAL REVENUES	<u>1,950,801</u>	<u>1,950,801</u>	<u>1,933,404</u>
EXPENDITURES			
Instruction	860,700	860,700	1,002,137
Instructional media services	40,200	40,200	11,080
Instruction & curriculum development	3,600	3,600	-
Instructional staff training services	3,600	3,600	-
General administrative	101,432	101,432	177,348
School board	34,800	34,800	61,870
School administration	314,052	314,052	307,542
Facilities acquisition & construction	-	-	21,488
Fiscal services	9,840	9,840	13,505
Food services	-	-	23,307
Central services	-	-	22,001
Pupil transportation services	91,368	91,368	56,661
Operation of plant	306,294	306,294	416,660
Maintenance of plant	24,000	24,000	65,310
Debt service	48,910	48,910	117,917
TOTAL EXPENDITURES	<u>1,838,796</u>	<u>1,838,796</u>	<u>2,296,826</u>
 Change in fund balance before other financing sources	 112,005	 112,005	 (363,422)
 Other financing sources	 <u>-</u>	 <u>-</u>	 <u>271,443</u>
 Net change in fund balance	 <u>\$ 112,005</u>	 <u>\$ 112,005</u>	 <u>\$ (91,979)</u>

See accompanying note to the required supplemental information.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal lunch program	\$ 39,500	\$ 39,500	\$ 15,348
Charges for other services	-	-	12,895
TOTAL REVENUES	<u>39,500</u>	<u>39,500</u>	<u>28,243</u>
EXPENDITURES			
Food services	<u>12,000</u>	<u>12,000</u>	<u>28,243</u>
TOTAL EXPENDITURES	<u>12,000</u>	<u>12,000</u>	<u>28,243</u>
Net change in fund balance	<u>\$ 27,500</u>	<u>\$ 27,500</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 197,493	\$ 197,493	\$ 119,781
TOTAL REVENUES	<u>197,493</u>	<u>197,493</u>	<u>119,781</u>
EXPENDITURES			
Operation of plant	<u>197,493</u>	<u>197,493</u>	<u>119,781</u>
TOTAL EXPENDITURES	<u>197,493</u>	<u>197,493</u>	<u>119,781</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**ACADEMY OF ARTS AND MINDS CHARTER HIGH SCHOOL
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2015, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general, capital project, and special revenue funds for which a legally adopted budget exists.

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



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

Board of Directors of
Academy of Arts and Minds Charter High School
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Academy of Arts and Minds (the "School"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 1, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 1, 2015



MANAGEMENT LETTER

Board of Directors of
Academy of Arts and Minds Charter High School
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of Academy of Arts and Minds Charter High School (the "School"), a non-major component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated September 1, 2015.

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 Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 1, 2015, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted in the tabulation below and as described under the heading Prior Year Findings and Recommendations in Other Matters.

Tabulation of Uncorrected Audit Findings	
Current Year Finding #	2013-14 FY Finding #
2015-1	2014-1
2015-2	2014-3

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 Academy of Arts and Minds Charter High School.

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 (name of charter school or center) 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.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2015 is deteriorating.

2015-1: Financial Condition

Criteria

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, certain financial condition assessment procedures were applied to identify local government entities experiencing deteriorating financial conditions that could result in a financial emergency.

Condition

Several financial indicators computed at June 30, 2015, relating to the following:

- Change in net position: decreasing results over time can indicate that the School's financial position is weakening.
- Current liabilities exceeding current assets at fiscal year end
- Excess of expenditures over revenues: increasing deficits may indicate that current revenues are not supporting the School's current expenditures.

Cause

During the year ended June 30, 2015, the School consistently maintained similar enrollment to the 2013-2014 school year. However, the new recalculation of revenue for virtual courses established by the FDOE, created a decrease in annual funding. The School's capital outlay funding was decreased and not received for the last two months of the year, contingent on the school's Financial Recovery Plan being reviewed and approved by both the district sponsor and the FDOE.

Effect

Based on these above financial indicators, the School may have difficulty supporting its current expenses with current revenues.

Recommendation

The School needs to monitor its expenditures and decrease overall spending until its enrollment and thus revenues increase to sustainable amounts.

Management's Response

The school was on track to meet its expected year end fund balance. However, in April 2015, the School's sponsor advised the School's board that they had not received the adequate sponsor fees since January 2014, and due to this finding, the school was requested to pay \$66,827 back to the School's sponsor. This created an unexpected financial obligation that could not be forecasted.

In addition, the Florida Department of Education withheld the last 2 capital outlay payments for the fiscal year totaling \$19,938. The 2015-2016 Capital Outlay revenue is on hold until further review of the School's FTE enrollment.

The staffing expense for the School has remained constant in 2015-2016 even with the enrollment increase of 18%. This is due to a full utilization of teachers and normalizing salaries of all personnel through the School.

The landlord has also accepted a lease amendment to the 2015-2016 school year. This will reduce the annual obligation from \$440,000 to \$400,000. In addition, upon the review of employee healthcare benefits, the board chose to cover the staff health benefits 100%. However, a policy with a higher deductible was approved lowering the monthly employer contribution by 13% resulting in an annual savings of \$14,838.

The School has increased its enrollment to 397 for the current school year from 337. This 18% increase in enrollment will result in additional revenue. The School has also reviewed other expense line items where savings can be made. The board believes that this should ensure a recovery for this school.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School 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 have the following observations and recommendations:

2015-2: Adjusting Journal Entries

Observation

Eleven journal entries were required to be recorded to properly reflect the financial position and operations as of June 30, 2015. Change in net position was decreased by approximately \$144,000.

Recommendation

The School must record journal entries on a monthly basis in order to properly reflect results of operations and financial position, particularly in regards to prepaid items, accrued liabilities, and notes payable.

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.

Status of Prior Year Findings and Recommendations

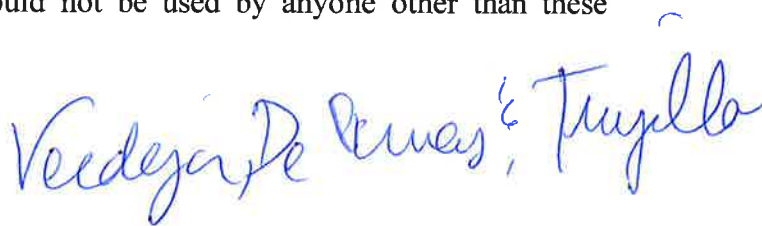
2014-1: Financial Condition- A deteriorating financial condition was also noted in the current year. Refer to **2015-1** above.

2014-2: Supporting documentation: Finding was corrected. In the current year, we noted that all disbursements selected for testing contained proper support.

2014-3: Adjusting journal entries: Numerous journal entries were also required to be recorded to properly reflect the financial position and operations in the current year. Refer to current year finding **2015-2** above.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 1, 2015