

**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI**

MIAMI, FLORIDA  
(A COMPONENT UNIT OF THE SCHOOL BOARD OF  
MIAMI-DADE COUNTY, FLORIDA)

BASIC FINANCIAL STATEMENTS, INDEPENDENT  
AUDITOR'S REPORT AND SUPPLEMENTAL  
INFORMATION

JUNE 30, 2019

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2019**

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**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI**

1901 NW 127<sup>th</sup> Street  
Miami, FL 33167  
(855) 818-7333

**2018-2019**

**BOARD OF DIRECTORS**

Aviva Budd, Title Director  
Melanie Damian, President, Title Secretary  
Robert Gordon, Title Director  
Virginia Emmons, Title Director  
Tery Medina, Title Director  
Tom Culmo, Title Director  
Stuart Israelson, Director  
Dorothy Terrell, Director  
Carol Cope, Director  
Jason Bloch, Director

**SCHOOL ADMINISTRATION**

Mrs. Kara A. Locke, Head of School



Verdeja • De Armas • Trujillo

Certified Public Accountants and Advisors

Manny Alvarez, C.P.A.  
Monique Bustamante, C.P.A.  
Pedro M. De Armas, C.P.A.  
Eric E. Santa Maria, C.P.A.  
Alejandro M. Trujillo, C.P.A.  
Octavio A. Verdeja, C.P.A.  
Tab Verdeja, C.P.A.

Michelle del Sol, C.P.A.  
Tommy Trujillo, C.P.A.  
Javier Verdeja, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
The Miami Boarding School, Inc.  
d/b/a The SEED School of Miami  
Miami, Florida

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

We have audited the accompanying financial statements of the governmental activities, and each major fund of The Miami Boarding School, Inc. d/b/a The SEED School of Miami (the "School"), and a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## *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, 2019, 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*

As described in Note 1, the accompanying financial statements referred to above present only the financial position of The SEED School of Miami Charter School as of June 30, 2019, and the respective changes in financial position for the year then ended, and it is not intended to be a complete presentation of The Miami Boarding School, Inc. These financial statements do not purport to and do not present fairly the financial position of The Miami Boarding School, Inc. as of June 30, 2019 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## *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 14 and budgetary comparison information on pages 30 through 32 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 13, 2019, 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 13, 2019

**Management’s Discussion and Analysis**  
The Miami Boarding School, Inc.  
d/b/a The SEED School of Miami

The discussion and analysis of The Miami Boarding School, Inc. d/b/a The Seed School of Miami (the “School”) financial performance provides an overview of the School’s financial activities for the Fiscal Year ended June 30, 2019.

**FINANCIAL HIGHLIGHTS**

1. The School had a change in net position of \$245,857 for the fiscal year end at June 30, 2019 and the School’s net position was \$2,775,193.
2. At year-end, the School had current assets of \$543,589
3. The School had a fund balance at June 30, 2019 of \$345,283.

*Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2019 are presented in accordance with Governmental Accounting Standards Board (“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 15-16 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 comply 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 all of its governmental funds. 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 17-20 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 21-29 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. Below is a summary of the School's net position as of June 30, 2019 and 2018:

<b>Assets</b>	<u>2019</u>	<u>2018</u>
Cash	\$ 234,940	\$ 304,850
Accounts receivables	200,000	225,000
Prepaid expenses	108,649	105,334
Deposits receivable and other assets	87,000	87,000
Deposits held in escrow	2,000,000	-
Capital assets, net	<u>5,954,796</u>	<u>2,296,177</u>
Total Assets	<u><u>8,585,385</u></u>	<u><u>3,018,361</u></u>
<b>Liabilities and Net Position</b>		
Accounts payable and accrued expenses	236,670	359,097
Due to The SEED Foundation	48,636	110,927
Long-term debt	<u>5,524,886</u>	<u>19,001</u>
Total Liabilities	5,810,192	489,025
Net investment in capital assets, net of related debt	2,429,910	2,277,176
Unrestricted	<u>345,283</u>	<u>252,160</u>
Total Net Position	<u><u>2,775,193</u></u>	<u><u>2,529,336</u></u>
Total Liabilities and Net Position	<u><u>\$ 8,585,385</u></u>	<u><u>\$ 3,018,361</u></u>



Below is a summary and analysis of the School's revenues and expenses for the year ended June 30, 2019 and 2018:

<b>REVENUES</b>	<u>2019</u>	<u>2018</u>
Program Revenues		
Contributions and other grants	\$ 1,573,944	\$ 2,642,277
Other miscellaneous state revenues	7,245,529	6,128,476
General Revenues		
FEFP nonspecific revenue	1,814,343	1,467,264
Other income	84,467	10,471
Total Revenues	<u>10,718,283</u>	<u>10,248,488</u>
 <b>EXPENSES</b>		
Instruction	2,042,876	1,909,288
Instructional support services	2,622,181	2,270,413
School administration	457,884	458,878
Fiscal services	1,025,395	765,468
Food services	412,320	279,186
Pupil transportation services	464,273	470,792
Operation of plant	2,605,129	2,042,942
Administrative technology services	184,553	249,053
Maintenance of plant	113,149	116,161
Central services	379,967	444,241
Interest expense	6,708	1,735
Depreciation expense	157,991	83,883
Total Expenses	<u>10,472,426</u>	<u>9,092,040</u>
Change in Net Position	245,857	1,156,448
 <b>Net Position at Beginning of Year</b>	<u>2,529,336</u>	<u>1,372,888</u>
<b>Net Position at End of Year</b>	<u><u>\$ 2,775,193</u></u>	<u><u>\$ 2,529,336</u></u>

## ACCOMPLISHMENTS

The SEED School of Miami (the “School”) navigated its fifth year of operation during the 2018-2019 school year thanks to our partners at the Florida Department of Education Office of Independent Education and Parental Choice, Miami-Dade County Public Schools, and a host of community supporters.

As we continue to evolve our school program and build student enrollment towards full capacity, the School served scholars in grades 6 through 10 during the 2018-2019 school year. Our student body represented a range of South Florida communities including Miami-Dade, Broward, Collier, Palm Beach, and St. Lucie counties.

In true SEED form, our staff and students modeled tremendous commitment to our mission of preparing our students for college success this school year. They continued an aggressive pursuit of our annual goals through differentiated and data-driven instruction that purposefully targeted the needs of each individual learner. In our dorms, programs such as H.A.L.L.S. provided additional time for students to further enhance their academic and social skills development. Using the gift of time provided by our 24- hour model, students were also exposed to a wide expanse of extracurricular activities and opportunities to grow and learn on field trips in the local community.

We are proud to report the many accomplishments of our students and staff throughout this school year, including the following:

- The School met or exceeded the student enrollment targets in all three benchmark periods of the school year
- 88% of the School’s students re-enrolled in the school for the 2019 – 2020 school year
- The School students averaged a 93.5% attendance rate throughout the 2018 – 2019 school year, similar to our average daily attendance rate from the previous year’s rate of 93.8%
- Sixth grade students met our annual reading level growth targets
- Whereas 20% of our sixth grade students began the year reading on grade level, 53% of them closed the year reading on a Level W (6<sup>th</sup> grade level) or above
- Whereas 28% of our seventh grade students began the year reading on grade level, 40% of them closed the year reading on a Level Y (7<sup>th</sup> grade level) or above
- Whereas 27% of our eighth grade students began the year reading on grade level, 63% of them closed the year reading on a Level Z (8<sup>th</sup> grade level) or above
- A majority of the School students experienced a learning gain on the 2019 MAP Growth Summative examination in Math (67%), Reading (52%), and Language (60%)

In addition to these performance indicators, the School also provided students and staff with a robust set of programmatic offerings and experiences:

- High school students were able to select from a variety of afterschool activities including swimming, soccer, track and field, volleyball, Student Government, cheerleading, strength and conditioning, and mock trial. Middle school students were offered activities including board game club, golf, basketball, strength and conditioning, and art clubs.
- The School hosted college trips to four local universities, two out-of-state travel experiences, and experiential learning partnerships with local organizations

- In late fall, our boys Flag Football team made it to the League Championship Game, only narrowly missing a win in the final seconds of overtime.
- In December 2018, all high school scholars attended our inaugural Student Data Day. During this Friday event, students in the 9<sup>th</sup> and 10<sup>th</sup> grades attended sessions in which they reviewed their grades, FSA scores, and graduation trajectory data. Students wrote action plans detailing proactive steps that they will take based on their data analysis to ensure their successful completion of high school. They also attended stress management and mindfulness sessions taught by our Deans and Mental Health Counselors. The successful day was replicated in January with middle school students.
- Two of our Student Life staff members attended the National BOOST Conference in Palm Springs in May 2019. The BOOST Collaborative is an organization committed to supporting those who serve youth in out-of-school hours by providing quality professional development and leadership training. The School's participants engaged in workshops designed to assist us in enhancing our extracurricular programs and youth leadership opportunities.
- Additionally, the School's staff attended the National ASCD Empower Conference in Chicago, regional ASCD Conference in Orlando on Building Resilient Schools, Columbia University Teacher's College Writers Workshop Institute, and the Columbia University Teacher Leadership for Culturally Relevant Schools Institute.

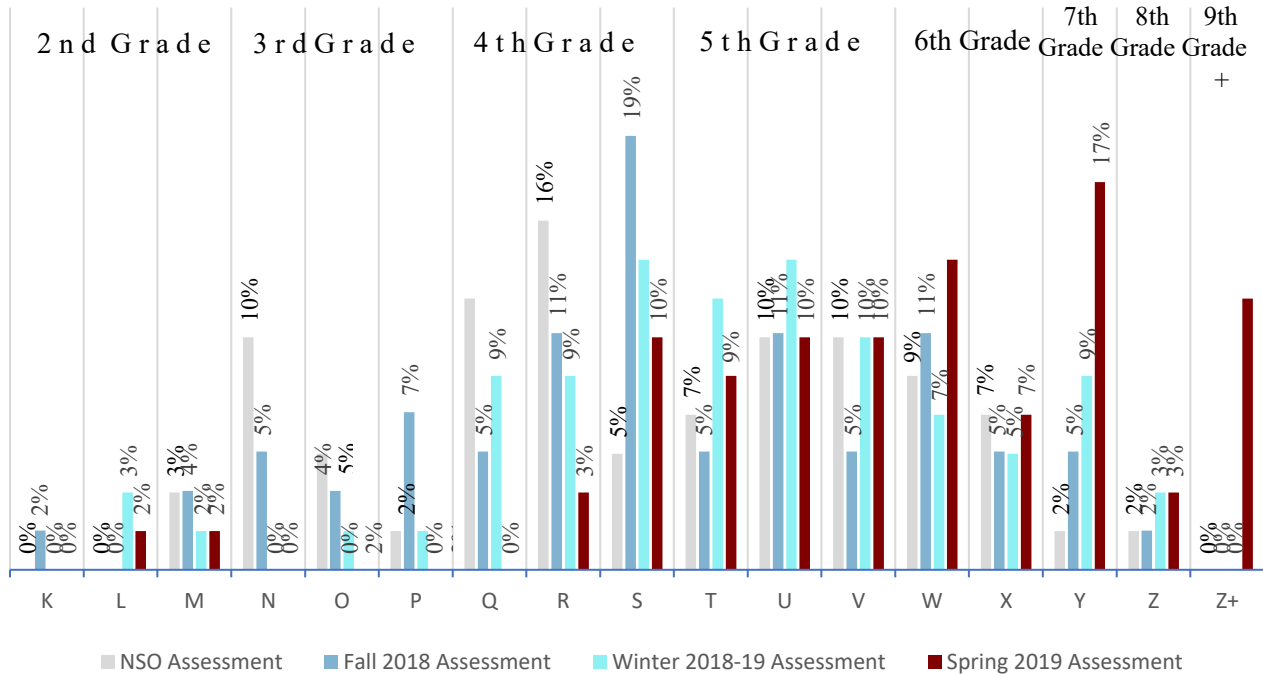
While our students and programmatic staff have been hard at work, so too have our development and construction teams. The securing of a loan through City National Bank was a major milestone for the School's and provided us with the ability to move forward on campus construction. Three of our four permanent modular dormitories were built in Orlando and the groundwork necessary to install these buildings began in late Spring. It is with tremendous enthusiasm that our community is looking forward to completing this work during the 2019-2020 school year and moving our students into the new and final residential buildings. Capital Campaign efforts have also progressed with successful visits to the School by notable local and national foundations and private philanthropists.

### **Fountas & Pinnell (F&P) Reading Level Assessment Data, 2018 – 2019 School Year**

The School uses the Readers/Writers Workshop balanced literacy curriculum and the Fountas & Pinnell leveled reading assessment (F&P) as the foundation of our literacy curriculum. F&P reading system is an alphabetized set of guided reading levels. Each level, with A being the lowest level and Z designating high school ready readers, is designated by a set of qualitative and quantitative text characteristics. Sentence length, illustration support, complexity of vocabulary, and word count all contribute to the level of a text.

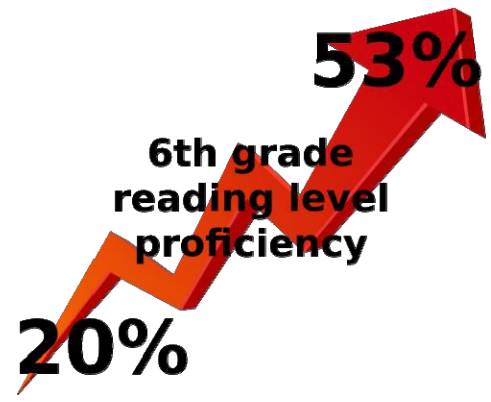
The graphs below show the Reading level growth by grade of 167 SEED students who were present for at least three consecutive F&P assessments and therefore were active students at SEED for a majority of the school year. The maroon bars displayed represent the students' reading levels as of the Spring 2019 Assessment.

6th Grade Fountas & Pinnell Reading Levels Across Four Interim Assessments for the 2018-2019SY  
**53% of sixth graders are reading at a Level W or higher, as determined by the Spring assessment.**

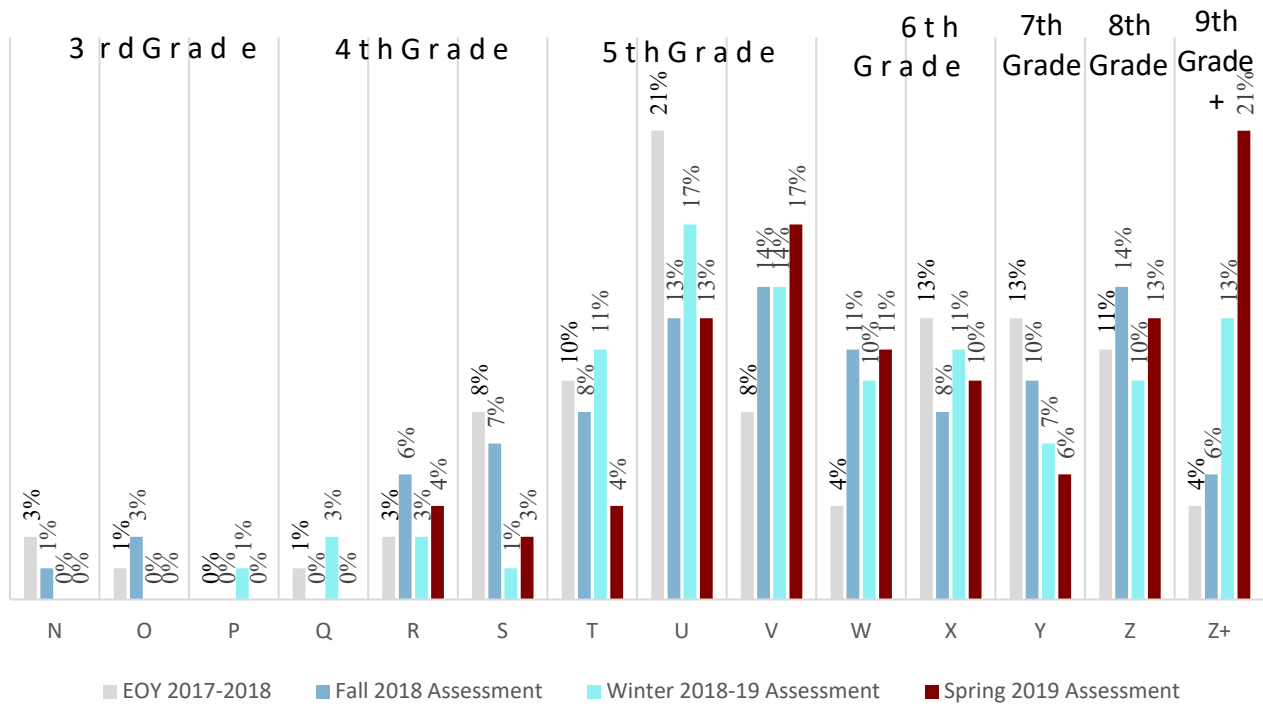


**Trends and Implications**

- **53% of 6th grade students** are currently reading at or above grade level. Only 20% of 6th grade students were reading at or above grade level when the school year began.
- Sixth grade students increased an average of 1.39 grade levels in reading throughout the 2018 – 2019 school year.

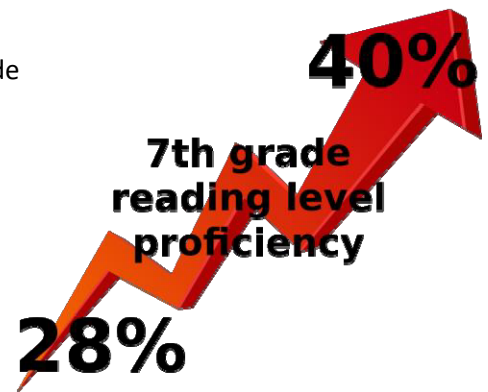


7th Grade Fountas & Pinnell Reading Levels Across Four Interim Assessments for the 2018-2019 SY  
**40% of seventh graders are reading at a Level Y or higher, as determined by the Spring assessment.**

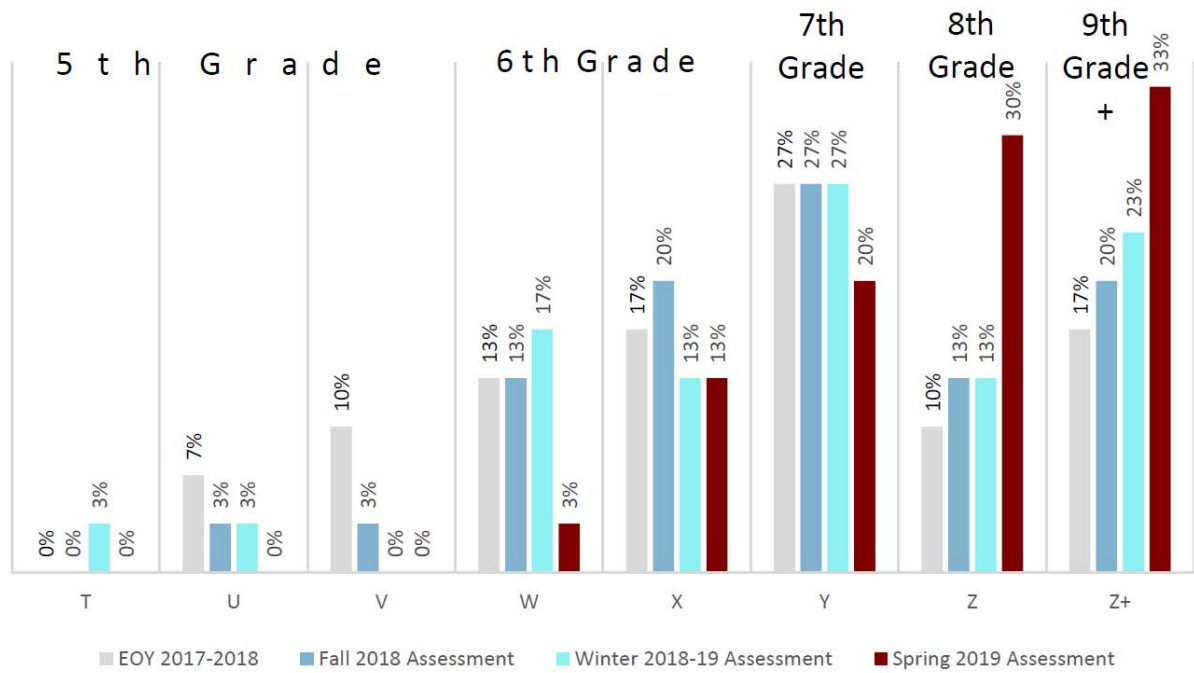


**Trends and Implications**

- **40% of 7th grade students** are currently reading at or above grade level. Only 28% of 7th grade students were reading at or above grade level when the school year began.

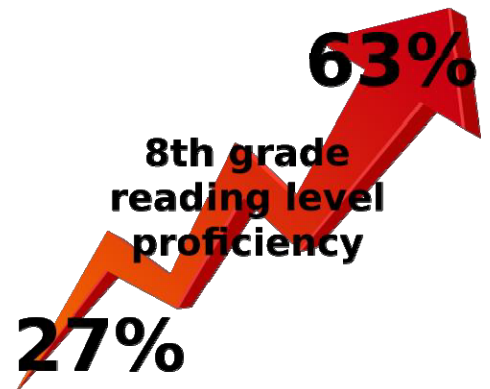


8th Grade Fountas & Pinnell Reading Levels Across Four Interim Assessments for the 2018-2019 SY  
**63% of eighth graders are reading at a Level Z or higher, as determined by the Spring assessment.**



**Trends and Implications**

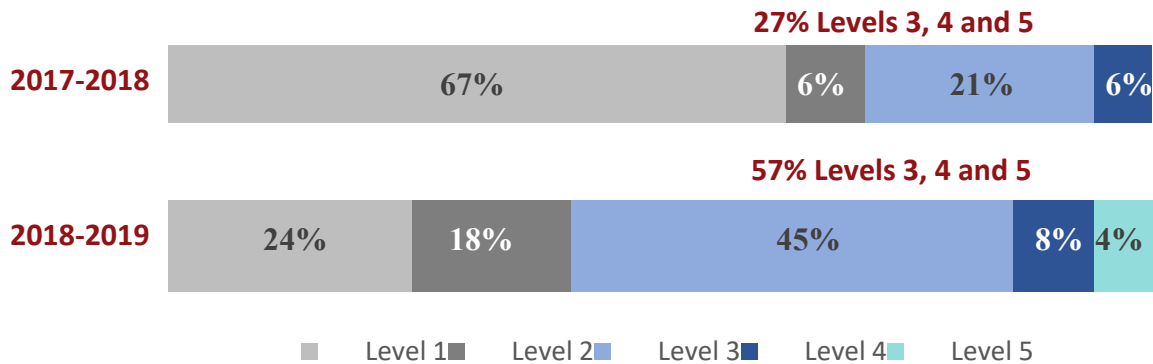
- **63% of 8th grade students** are currently reading at or above grade level. Only 27% of 8th grade students were reading at or above grade level when the school year began.
- Over time, as more students reach grade level proficiency and as text complexity rises, the rate of average growth is expected to taper off.



## 2018 – 2019 Algebra I End-of-Course Exam

The Algebra I End-of-Course Exam (EOC) was administered to all 9<sup>th</sup> grade students at SEED Miami in Spring 2019. The assessment is designed to measure a student’s level of success with the content of the Next Generation Sunshine State Standards in Algebra.

2017-2018 / 2018-2019 Algebra I EOC Performance Levels Distribution



### Trends and Implications

- 57% of the 9<sup>th</sup> grade students scored a Level 3 (Satisfactory), Level 4 (Proficient), or Level 5 (Mastery) on the Algebra I EOC in Spring 2019.
- The percentage of students who scored level 3 or higher on the Algebra I EOC increased in 2019 (57%) compared to 2018 (27%).

## **SCHOOL LOCATION**

The School operates in the Miami area located at 1901 NW 127<sup>th</sup> Street, Miami, FL 33167.

## **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 comply 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 third year of operations, the School's governmental funds reported an increase of \$93,123 in fund balance and had an ending fund balance of \$345,283.

## **CAPITAL ASSETS**

The School's investment in capital assets, as of June 30, 2019, amounts to \$5,954,796 (net of accumulated depreciation). This investment in capital assets includes construction in progress of new modular, furniture, equipment and motor vehicles.

## **NOTE PAYABLE**

In December 2018, the School obtained a construction promissory note payable for an amount up to \$9,066,372 for the construction of the mobile and modular facilities. The entire principal and any interest accrued outstanding will be due on December 3, 2025. The loan is collateralized by the mobile and modular facilities. The balance at June 30, 2019, was \$3,449,282.

## **BUDGETARY HIGHLIGHTS**

The general fund and special revenue fund budget for the fiscal year ended June 30, 2019, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the School may revise the final budget. For the fiscal year ended June 30, 2019, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedules on pages 30 to 32 for additional information.

## **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 Mrs. Kara Locke, Head of School.



**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a/ THE SEED SCHOOL OF MIAMI**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 234,940
Accounts receivables	200,000
Prepaid expenses	108,649
<b>TOTAL CURRENT ASSETS</b>	<u>543,589</u>
<b>CAPITAL ASSETS</b>	
Furniture and equipment	536,044
Less accumulated depreciation	(231,098)
Motor vehicles	82,294
Less accumulated depreciation	(75,654)
Construction in progress	5,643,210
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>5,954,796</u>
Deposits held in escrow	2,000,000
Deposit receivable and other assets	87,000
<b>TOTAL ASSETS</b>	<u><u>\$ 8,585,385</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 236,670
Due to The SEED Foundation	48,636
Capital lease payable - current portion	64,277
Financed equipment note payable - current portion	5,824
<b>TOTAL CURRENT LIABILITIES</b>	<u>355,407</u>
Capital lease payable - long term portion	5,503
Loan payable - The SEED Foundation	2,000,000
Note payable - long term portion	3,449,282
<b>TOTAL LIABILITIES</b>	<u>5,810,192</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	2,429,910
Unrestricted	345,283
<b>TOTAL NET POSITION</b>	<u>2,775,193</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 8,585,385</u></u>

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

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a/ THE SEED SCHOOL OF MIAMI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>Functions</b>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 2,042,876	\$ -	\$ 145,000	\$ -	\$ (1,897,876)
Instructional support services	2,622,181	-	3,500	-	(2,618,681)
School administration	457,884	-	5,500	-	(452,384)
Fiscal services	1,025,395	-	-	-	(1,025,395)
Food services	412,320	-	-	-	(412,320)
Pupil transportation services	464,273	-	-	-	(464,273)
Operation of plant	2,605,129	-	-	-	(2,605,129)
Maintenance of plant	113,149	-	-	-	(113,149)
Administrative technology services	184,553	-	-	-	(184,553)
Central services	379,967	-	-	-	(379,967)
Interest expense	6,708	-	-	-	(6,708)
Depreciation expense	157,991	-	-	-	(157,991)
<b>Total Governmental Activities</b>	<b>\$ 10,472,426</b>	<b>\$ -</b>	<b>\$ 154,000</b>	<b>\$ -</b>	<b>\$ (10,318,426)</b>

GENERAL REVENUES:

Grants and contributions not restricted to specific programs	\$ 1,419,944
Other miscellaneous state revenues	7,245,529
Revenues from state sources	1,814,343
Interest and other revenue	84,467
<b>Total general revenues</b>	<b>10,564,283</b>
Change in Net Position	245,857
<b>NET POSITION - BEGINNING</b>	<b>2,529,336</b>
<b>NET POSITION - ENDING</b>	<b>\$ 2,775,193</b>

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

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a/ THE SEED SCHOOL OF MIAMI**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	Governmental Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 234,940	\$ -	\$ -	\$ 234,940
Accounts receivables	200,000	-	-	200,000
Prepaid expenses	108,649	-	-	108,649
Deposit receivable and other assets	87,000	-	-	87,000
<b>TOTAL ASSETS</b>	<b>\$ 630,589</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 630,589</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	236,670	-	-	236,670
Due to The SEED Foundation	48,636	-	-	48,636
<b>TOTAL LIABILITIES</b>	<b>285,306</b>	<b>-</b>	<b>-</b>	<b>285,306</b>
<b>FUND BALANCE</b>				
<b>Nonspendable</b>				
Deposit receivable and other assets	195,649	-	-	195,649
Unassigned	149,634	-	-	149,634
<b>TOTAL FUND BALANCE</b>	<b>345,283</b>	<b>-</b>	<b>-</b>	<b>345,283</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 630,589</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 630,589</b>

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

THE MIAMI BOARDING SCHOOL, INC.

d/b/a/ THE SEED SCHOOL OF MIAMI

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

JUNE 30, 2019

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Total Fund Balance - Governmental Funds \$ 345,283

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

Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the fund.

Capital assets	6,261,548
Accumulated depreciation	(306,752)

Other assets held for construction	2,000,000
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Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.

Loan payable	(5,824)
Capital lease payable	(69,780)
Loan payable-The SEED Foundation	(2,000,000)
Loan payable	(3,449,282)

Total Net Position - Governmental Activities	<u>\$ 2,775,193</u>
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The accompanying notes are an integral part of this financial statement.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a/ THE SEED SCHOOL OF MIAMI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Revenue from state sources	\$ 1,814,343	\$ -	\$ 1,814,343
Contributions and other grants	1,419,944	-	1,419,944
Other miscellaneous state revenues	7,245,529	-	7,245,529
Federal through state and local	-	154,000	154,000
Interest and other income	84,467	-	84,467
<b>TOTAL REVENUES</b>	<b>10,564,283</b>	<b>154,000</b>	<b>10,718,283</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instruction	1,897,876	145,000	2,042,876
Instructional support services	2,618,681	3,500	2,622,181
School administration	452,384	5,500	457,884
Facilities acquisition & construction	3,643,304	-	3,643,304
Fiscal services	1,025,395	-	1,025,395
Food services	412,320	-	412,320
Pupil transportation services	464,273	-	464,273
Operation of plant	2,605,129	-	2,605,129
Administrative technology services	184,553	-	184,553
Central services	379,967	-	379,967
Maintenance of plant	113,149	-	113,149
<b>Capital Outlay:</b>			
Other capital outlay	173,306	-	173,306
<b>Debt Service:</b>			
Redemption of principal	69,346	-	69,346
Interest	6,708	-	6,708
<b>TOTAL EXPENDITURES</b>	<b>14,046,391</b>	<b>154,000</b>	<b>14,200,391</b>
Excess of expenditures over revenues	(3,482,108)	-	(3,482,108)
<b>OTHER FINANCING SOURCES</b>			
Proceeds from long-term financing	5,575,231	-	5,575,231
Payments to Miami-Dade County School Board	(2,000,000)	-	(2,000,000)
<b>Total other financing sources</b>	<b>3,575,231</b>	<b>-</b>	<b>3,575,231</b>
Net change in fund balance	93,123	-	93,123
Fund balance at beginning of year	252,160	-	252,160
Fund balance at end of year	<u>\$ 345,283</u>	<u>\$ -</u>	<u>\$ 345,283</u>

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

**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a/ THE SEED SCHOOL OF MIAMI  
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, 2019**

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Change in Fund Balance - Governmental Funds \$ 93,123

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.

Capital outlays	3,816,610
Depreciation expense	(157,991)

The proceeds from debt issuance 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.

Repayments of principal	69,346
Proceeds from financing	(3,575,231)

Change in Net Position of Governmental Activities	\$ 245,857
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The accompanying notes are an integral part of this financial statement.

**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

The Miami Boarding School, Inc. d/b/a The Seed School of Miami, (the “School”) is a charter school sponsored by the School Board of Miami-Dade County, Florida (the “District”). The School’s charter is held by The Miami Boarding School, 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 ten members.

The SEED School of Miami is a college-preparatory, public boarding charter school for South Florida students. The School’s mission is to provide an outstanding educational program that empowers students to be successful, both academically and socially, in college and beyond. The School is the first of its kind in Florida and the third in the country, serving as a model for additional SEED schools. It was opened and is supported by The SEED Foundation (the “Foundation”), a not-for-profit corporation that opened two similar schools in Washington D.C. and Maryland.

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 District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2021. 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 5 years by mutual agreement. These financial statements are for the year ended June 30, 2019, the School’s second operating school year, when approximately 270 students were enrolled in the 6<sup>th</sup> through 9<sup>th</sup> grade.

**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 under standards set by the Governmental Accounting Standards Board (“GASB”).

**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. These statements do not include fiduciary funds.

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.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*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.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

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 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 uses 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 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). Any revisions to the annual budget are approved by the Board.

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.



**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

Accounts receivable consists of amounts due from contributions and donations.

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.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 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	3 Years
Motor vehicles	5 Years

Compensated Absences

The School grants a specific number of sick/personal days for all full-time 10 month and 12 month employees. Full-time 10 month and 12 month employees are eligible for a total of 7 sick days during a benefit year. Any unused sick days will be forfeited at the end of the benefit year. There is no termination payment for unused sick days. Full-time 10 month and 12 month employees are eligible for a total of 3 personal days during a benefit year. In the event that available personal time is not used by 10 month employees, they would be able to "cash out" the at the current coverage rate at the end of his or her agreement. Full-time 12 month employees are not able to "cash out" personal time. There is no termination payment for unused personal time.

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, 2019, was \$2,429,910.
- 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, 2019 was \$0.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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, 2019, the School had \$195,649 in nonspendable fund balance.
- 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, 2019, the School had \$0 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, 2019, 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, 2019, 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, and 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, 2018, 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 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 (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 FTE students reported by the School during the designated FTE 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 or as restricted until used. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Miami Boarding School, Inc. 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.

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 13, 2019, 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 partly with public funds, for the year ended June 30, 2019:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Capital Assets				
Furniture & equipment	\$ 362,738	\$ 173,306	\$ -	\$ 536,044
Motor vehicles	82,294	-	-	82,294
Construction in progress	1,999,906	3,643,304	-	5,643,210
Total Capital Assets	<u>2,444,938</u>	<u>3,816,610</u>	<u>-</u>	<u>6,261,548</u>
Less Accumulated Depreciation				
Furniture & equipment	(88,872)	(142,226)	-	(231,098)
Motor vehicles	(59,889)	(15,765)	-	(75,654)
Total Accumulated Depreciation	<u>(148,761)</u>	<u>(157,991)</u>	<u>-</u>	<u>(306,752)</u>
Capital Assets, net	<u>\$ 2,296,177</u>	<u>\$ 3,658,619</u>	<u>\$ -</u>	<u>\$ 5,954,796</u>

Depreciation expense for the year ended June 30, 2019, was \$157,991 and was allocated to fiscal services. In 2017, the School entered into three separate contracts to build mobile and modular facilities at its campus. The approximate total of these signed contracts with change orders is approximately \$8,200,000. As of June 30, 2019, there were \$5,643,210, related to these costs included in construction in progress (See Notes 4 through 6).

NOTE 4 – DEPOSITS HELD IN ESCROW

The School entered into an escrow agreement with the District during the year ended June 30, 2019. The purpose of the escrow is to ensure sufficient funding for the design and construction services as set forth in the agreement between the School and the District for the construction of the mobile and modular facilities at the campus. For the year ended June 30, 2019, the School had transferred through an agreement with the

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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Foundation \$2,000,000. Subsequent to year-end, an additional \$1,300,000 was transferred to bring the total to \$3,300,000 (See Note 5).

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 5 – LOAN PAYABLE TO THE SEED FOUNDATION**

In January 2019, the School entered into a loan agreement with the Foundation to borrow up to an additional \$4,200,000 for the construction of the mobile and modular facilities. The use of the funds will be solely for the purpose of placing funds into an escrow account (See Note 4). The loan bears interest at 5.25% and requires quarterly interest only payments until the maturity of the loan. All principal amounts outstanding are due at maturity two years from the agreement date. The School intends to repay the full amount of the loans through commitments through a fundraising campaign.

The following schedule provides a summary of changes for the year ended June 30, 2019:

	Balance 7/1/2018	Additions	Repayments	Balance 6/30/2019
Loan payable	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000

Future maturities are as follows:

<u>Year Ended June 30</u>	
2020	\$ -
2021	2,000,000
Total	<u>\$ 2,000,000</u>

**NOTE 6 – NOTE PAYABLE TO FINANCIAL INSTITUTION**

In December 2018, the School obtained a construction promissory note payable for an amount up to \$9,066,372 for the construction of the mobile and modular facilities. During the draw period, the interest rate shall be equal to The Wall Street Journal Prime Rate plus 1.00% (6.50% at June 30, 2019). Upon the expiration of the draw period, the interest rate shall be adjusted to a fixed rate equal to the then 5-year treasury rate plus 3.10% through the maturity date on December 3, 2025. During the draw period the loan requires monthly payments of interest only. Commencing on the month after the expiration of the draw period the loan requires monthly payments of principal and interest over a 15 year amortization. The entire principal and any interest accrued outstanding will be due on December 3, 2025. The loan is collateralized by the mobile and modular facilities. The balance at June 30, 2019, was \$3,449,282. The School was in compliance with a debt service coverage ratio of no less than 1.00x.

The following schedule provides a summary of changes for the year ended June 30, 2019:

	Balance 7/1/2018	Additions	Repayments	Balance 6/30/2019
Loan payable	\$ -	\$ 3,449,282	\$ -	\$ 3,449,282

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 6 – LOAN PAYABLE TO FINANCIAL INSTITUTION (Continued)**

Future maturities are as follows:

<u>Year Ended June 30,</u>	
2020	\$ -
2021	-
2022	-
2023	-
2024-2025	3,449,282
Total	<u>\$ 3,449,282</u>

**NOTE 7 – FINANCED NOTE PAYABLE**

The School purchased three vans mainly through financing. The loan payables bear interest at 5.99% and are due in monthly payments of principal and interest totaling \$1,165 and mature at various dates through May 2020. The vans are collateral on the loans. The following schedule provides a summary of changes in loan payables for the year ended June 30, 2019:

	<u>Balance</u> <u>7/1/2018</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance</u> <u>6/30/2019</u>
Financed loan payable	<u>\$ 19,001</u>	<u>\$ -</u>	<u>\$ (13,177)</u>	<u>\$ 5,824</u>

Estimated future minimum loan payments under all loans are as follows:

<u>Year Ended June 30</u>	
2020	\$ 5,824
Total	<u>\$ 5,824</u>

**NOTE 8 – CAPITAL LEASE PAYABLE**

The School leases equipment under a capital lease expiring in 2021. As of June 30, 2019, the leased equipment are reflected at a cost of \$125,949 and related accumulated depreciation of \$41,983. The leases require monthly payments of principal and interest totaling \$5,525 at an interest rate of 5.00% per annum.

Future minimum payments under the capital leases as of June 30, 2019 are as follows:

<u>Year Ended June 30,</u>	
2020	\$ 66,312
2021	5,526
Total minimum lease payments:	71,838
Interest	(2,058)
Present value of net minimum lease payments	69,780
Obligations under capital lease- current portion	(64,277)
Obligations under capital lease- long-term portion	<u>\$ 5,503</u>

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 9 – DUE TO THE SEED FOUNDATION AND RELATED PARTIES**

The School was opened and is supported by the Foundation, a non-for-profit corporation that opened two similar schools in Washington D.C. and Maryland. The School entered into an Academic and Management agreement on February 1, 2014 with the Foundation. In accordance with the agreement, the Foundation will provide amongst other things curriculum development, staffing, guidance in finding adequate facilities or completion of construction and renovations, if any, preparation of annual budgets and monthly financial statements, human resource, information technology, and student recruitment. For the services included in the agreement, the School agrees to pay a management fee equal to 5% of the School’s annual approved expense budget. For the year ended June 30, 2019, the School was charged management fees of \$505,068. The initial term of this agreement is for five years from the effective date. It can be renewed for an additional five years following the initial term if approved by each party. During the year ended June 30, 2019, the Foundation provided revenue support of \$805,033, and is included in contributions and other grants on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance.

Below is a summary of changes in the Due to The SEED Foundation for the year ended June 30, 2019:

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019
Due to The SEED Foundation	<u>\$ 110,927</u>	<u>\$ 1,223,394</u>	<u>\$(1,285,685)</u>	<u>\$ 48,636</u>

The SEED School of Miami Foundation, LLC (the “LLC”) is a limited liability company for the purpose of serving educational and charitable purposes. The LLC qualifies as a disregarded entity within Section 501(c)(3) of the Internal Revenue Code by virtue of its relationship with its single member The SEED Foundation, Inc. During the year ended June 30, 2019, the LLC contributed \$413,333. At June 30, 2019, no amounts were owed to the School.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

In October 2017, the School entered into a building lease agreement for the utilization of rooms in a hotel for the housing of the School’s students. The initial agreement was from October 10, 2017 through June 30, 2018, however, it was extended through June 30, 2020. The monthly payment is \$87,000 per month.

The School entered into a ground and operating lease agreement with The School Board of Miami-Dade County, Florida whereas the School would be allowed to use portions of the facilities located at 1901 NW 127<sup>th</sup> Street in Miami, Florida, exclusively for the construction and operation of the residential component of a college-preparatory, public boarding charter school for at-risk youth. The effective date of this agreement is August 17, 2017, and expires June 30, 2029. The School will pay an annual lease rate of \$49,759 for the ground lease agreement. The School is responsible for paying a proportionate share of the operating expenses of the facilities, which include routine building and grounds maintenance, trash pick-up, utilities and property insurance. The cost of the operating lease agreement will be determined based on the previous year costs. For the year ended June 30, 2019, the monthly payment for these costs was \$21,649. The total amount paid for the year ended June 30, 2019 was \$266,548.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)**

Estimated future minimum lease payments under all leases are as follows:

<u>Year Ended June 30</u>	
2020	\$ 810,547
2021	309,547
2022	309,547
2023	309,547
2024	309,547
2025-2029	<u>1,547,734</u>
Total	<u>\$ 3,596,469</u>

**NOTE 11 – DEPOSITS POLICY AND CREDIT RISK**

It is the School's policy to maintain its cash and cash equivalents in one financial institution. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. Bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2019, bank balances in potential excess of FDIC coverage was \$192,207.

**NOTE 12 – RETIREMENT PLAN**

The School started a 403(B) Retirement Plan (the "Plan") during the year ended June 30, 2015. Employees of the School are eligible to join the Plan once employed by the School on the first day of the following month hired. The School, at its discretion, may elect to match part of employee contributions based on salary deferrals and pay as of the end of the pay period. Employer contributions can change annually, however, all contributions made by employees and by the School are 100% vested at the time of contribution. The School contributed \$114,140, or 3% of eligible employee wages plus 50% of employee contributions up to 6% for the year ended June 30, 2019.

**NOTE 13 – 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 14 – 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

**THE MIAMI BOARDING SCHOOL, INC.**

**d/b/a/ THE SEED SCHOOL OF MIAMI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**

**GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Revenue from state sources	\$ 1,743,621	\$ 1,814,343	\$ 1,814,343
Contributions and other grants	1,413,021	1,419,944	1,419,944
Other miscellaneous state revenues	8,118,240	7,245,529	7,245,529
Other income	-	84,467	84,467
<b>TOTAL REVENUES</b>	<u>11,274,882</u>	<u>10,564,283</u>	<u>10,564,283</u>
<b>EXPENDITURES</b>			
Instruction	2,524,505	1,897,876	1,897,876
Instructional support services	2,648,689	2,618,681	2,618,681
Facilities acquisition and construction	1,980,872	3,643,304	3,643,304
School administration	864,893	452,384	452,384
Fiscal services	673,726	1,025,395	1,025,395
Food services	425,000	412,320	412,320
Pupil transportation services	400,000	464,273	464,273
Operation of plant	504,351	2,605,129	2,605,129
Administrative technology services	381,900	184,553	184,553
Central services	504,351	379,967	379,967
Maintenance of plant	483,081	113,149	113,149
Debt service	-	76,054	76,054
Other capital outlay	-	173,306	173,306
<b>TOTAL EXPENDITURES</b>	<u>11,391,368</u>	<u>14,046,391</u>	<u>14,046,391</u>
Change in fund balance before other financing sources	(116,486)	(3,482,108)	(3,482,108)
Other financing sources	-	3,575,231	3,575,231
Net change in fund balance	<u>\$ (116,486)</u>	<u>\$ 93,123</u>	<u>\$ 93,123</u>

See accompanying note to the required supplemental information.

THE MIAMI BOARDING SCHOOL, INC.

d/b/a/ THE SEED SCHOOL OF MIAMI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -

SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal through state and local	\$ 154,000	\$ 154,000	\$ 154,000
TOTAL REVENUES	<u>154,000</u>	<u>154,000</u>	<u>154,000</u>
EXPENDITURES			
Instruction	145,000	145,000	145,000
Instructional support services	3,500	3,500	3,500
School administration	5,500	5,500	5,500
TOTAL EXPENDITURES	<u>154,000</u>	<u>154,000</u>	<u>154,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**THE MIAMI BOARDING SCHOOL, INC.  
D/B/A THE SEED SCHOOL OF MIAMI  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

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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, 2019, 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).



Verdeja • De Armas • Trujillo

Certified Public Accountants and Advisors

Manny Alvarez, C.P.A.  
Monique Bustamante, C.P.A.  
Pedro M. De Armas, C.P.A.  
Eric E. Santa Maria, C.P.A.  
Alejandro M. Trujillo, C.P.A.  
Octavio A. Verdeja, C.P.A.  
Tab Verdeja, C.P.A.

Michelle del Sol, C.P.A.  
Tommy Trujillo, C.P.A.  
Javier Verdeja, C.P.A.

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

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Board of Directors of  
The Miami Boarding School, Inc.  
d/b/a The Seed School of Miami  
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 The Miami Boarding School, Inc. d/b/a The Seed School of Miami (the "School"), as of and for the year ended June 30, 2019, 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 13, 2019.

### **Internal Control Over Financial Reporting**

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

*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.

A handwritten signature in cursive script that reads "Verdepin DeArmas Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 13, 2019



## MANAGEMENT LETTER

Board of Directors of  
The Miami Boarding School, Inc.  
d/b/a The Seed School of Miami  
Miami, Florida

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

We have audited the financial statements of The Miami Boarding School, Inc. d/b/a The Seed School of Miami (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, 2019, and have issued our report thereon dated September 13, 2019.

### **Auditor’s Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 13, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity and the school code assigned by the Florida Department of Education of the school is The Miami Boarding School, Inc. d/b/a The Seed School of Miami and #136018.

### **Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the 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, 2019 is not deteriorating.

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

### **Transparency**

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

### **Additional Matters**

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

### **Purpose of this Letter**

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 13, 2019