



**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF  
MIAMI-DADE COUNTY, FLORIDA**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORTS THEREON**

**JUNE 30, 2012**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Academy of International Education Charter School (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the School's financial statements, which follow this section.

### FIRST YEAR OF OPERATIONS

The 2011 – 2012 school year was the School's first year of formal operations. Accordingly, any comparisons to the prior year results are not applicable in this section. Comparisons will be provided in future years when prior year information is available.

### FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2012, the School's revenues exceeded expenses by \$8,823.
- Total assets were \$69,975, and total liabilities were \$61,152, resulting in a fund balance of \$8,823 as of June 30, 2012.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

This document also includes the independent auditor's report on compliance and internal control required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

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

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

### **Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

The School has one type of fund:

- *Governmental funds* – most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

### Net Assets

The School's combined net assets for 2012 are summarized as follows – see table below.

	<b>Governmental Activities</b>
	<b>2012</b>
Current and other assets	<u>\$ 69,975</u>
Total assets	<u>69,975</u>
Current and other liabilities	<u>61,152</u>
Total liabilities	<u>61,152</u>
Net assets:	
Unrestricted	<u>8,823</u>
Total net assets	<u><u>\$ 8,823</u></u>

A comparative analysis will be provided in the future when prior year information is available.

## Change in Net Assets

The School's total revenues exceeded total expenses by \$8,823 during the fiscal year ended June 30, 2012 (see table below).

	<b>Governmental Activities 2012</b>
Revenues:	
Federal sources passed through local school district	\$ 4,644
State and local sources	844,653
Contributions and other revenue	25,174
Total revenues	874,471
Expenses:	
Instruction	523,440
Instructional media	8,254
Board	1,596
General administration	99,419
School administration	118,639
Pupil transportation services	1,110
Operation and maintenance of plant	113,190
Total expenses	865,648
Change in net assets	\$ 8,823

A comparative analysis will be provided in the future when prior year information is available.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the period, its governmental funds reported a combined fund balance of \$8,823.

### General Fund Budgetary Highlights

Over the course of the year, the School revised its budget several times. These budget amendments fall into two categories:

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

For the year ended June 30, 2012, actual general fund revenues were approximately \$5,000 below the final budget amounts, which represents a less than 1% budget variance. Actual general fund expenditures were approximately \$5,000 below the final budget amounts which represents a less than 1% budget variance. Actual expenditures for instruction were approximately \$47,000 over budget due to expenditures for additional instructional staff for physical education and speech that were not budgeted. Actual expenditures for school administration were approximately \$39,000 under budget due to less clerical support staff hired than anticipated and less expenditures for the principal's salary due to the School opening in early August instead of July.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

When adopting the general fund budget for fiscal year 2013, the School considered the expected increase in student enrollment and resulting increase in salaries due to additional teachers.

Amounts available for appropriation in the general fund are approximately \$2,262,000, an increase of 160% over the final 2012 amount of \$869,827. FEFP revenue (benefiting from an increase in student population) is expected to lead this increase. The School will use this increase in revenue to finance programs currently offered and to offset the expected impact of inflation on program costs.

Budgeted expenditures are expected to be approximately \$1,996,000, an increase of 132% from the final 2012 amount of \$861,004. Expenditures are expected to increase to accommodate the increase in the number of students the School serves. The largest increase will be related to instruction expense and the management fee. The School has added no major new programs to the fiscal 2013 budget.

If these estimates are realized, the School's budgetary general fund balance is expected to increase by the close of fiscal 2013.

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

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





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

To the Board of Directors of Academy of International Education Charter School, a  
Charter School and Component Unit of the District School Board of Miami-Dade  
County, Florida

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Academy of International Education Charter School (the "School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Academy of International Education Charter School as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2012 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* and should be considered in assessing the results of our audit.



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 - 6 and the budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*BKHM, P.A.*

Winter Park, Florida  
August 27, 2012

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**STATEMENT OF NET ASSETS**

**June 30, 2012**

	Governmental Activities
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 66,073
Accounts receivable	2,000
Other current assets	<hr/> 1,902
Total assets	<hr/> <hr/> \$ 69,975
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 41,529
Due to School Board	<hr/> 19,623
Total liabilities	<hr/> 61,152
 <b>NET ASSETS</b>	
Unrestricted	<hr/> 8,823
Total net assets	<hr/> 8,823
Total liabilities and net assets	<hr/> <hr/> \$ 69,975

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

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2012**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instruction	\$ 523,440	\$ -	\$ -	\$ -	\$ (523,440)	\$ (523,440)
Instructional media	8,254	-	4,644	-	(3,610)	(3,610)
Board	1,596	-	-	-	(1,596)	(1,596)
General administration	99,419	-	-	-	(99,419)	(99,419)
School administration	118,639	-	-	-	(118,639)	(118,639)
Pupil transportation services	1,110	-	-	-	(1,110)	(1,110)
Operation and maintenance of plant	113,190	-	-	-	(113,190)	(113,190)
Total primary government	<u>\$ 865,648</u>	<u>\$ -</u>	<u>\$ 4,644</u>	<u>\$ -</u>	<u>(861,004)</u>	<u>(861,004)</u>
General revenues:						
State and local sources					844,653	844,653
Contributions and other revenue					<u>25,174</u>	<u>25,174</u>
Total general revenues					<u>869,827</u>	<u>869,827</u>
Change in net assets					8,823	8,823
Net assets beginning of year					-	-
Net assets at end of year					<u>\$ 8,823</u>	<u>\$ 8,823</u>

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

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUND**

**June 30, 2012**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 66,073
Accounts receivable	2,000
Other current assets	<u>1,902</u>
Total assets	<u><u>\$ 69,975</u></u>
<b>LIABILITIES AND FUND BALANCE</b>	
Accounts payable and accrued expenditures	\$ 41,529
Due to School Board	<u>19,623</u>
Total liabilities	<u>61,152</u>
Fund balance:	
Nonspendable:	
Prepaid expenses	1,902
Unassigned	<u>6,921</u>
Total fund balance	<u>8,823</u>
Total liabilities and fund balance	<u><u>\$ 69,975</u></u>

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

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
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THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

**June 30, 2012**

<b>Total fund balance - governmental fund</b>	\$ 8,823
No reconciling items.	<u>-</u>
<b>Total net assets - governmental activities</b>	<u><u>\$ 8,823</u></u>

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

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Other Governmental Fund	Total Governmental Funds
<b>REVENUES</b>			
Federal sources passed through local school district	\$ -	\$ 4,644	\$ 4,644
State and local sources	844,653	-	844,653
Contributions and other revenue	25,174	-	25,174
	<u>869,827</u>	<u>4,644</u>	<u>874,471</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	523,440	-	523,440
Instructional media	3,610	4,644	8,254
Board	1,596	-	1,596
General administration	99,419	-	99,419
School administration	118,639	-	118,639
Pupil transportation services	1,110	-	1,110
Operation and maintenance of plant	113,190	-	113,190
	<u>861,004</u>	<u>4,644</u>	<u>865,648</u>
Total expenditures	<u>861,004</u>	<u>4,644</u>	<u>865,648</u>
Net changes in fund balances	8,823	-	8,823
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 8,823</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,823</u></u>

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

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

**FOR THE YEAR ENDED JUNE 30, 2012**

<b>Net changes in fund balances - total governmental funds</b>	\$ 8,823
No reconciling items.	<u>-</u>
<b>Change in net assets of governmental activities</b>	<u><u>\$ 8,823</u></u>

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



**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2012**

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

**Organization**

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

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the "School Board"). The current charter is effective until June 30, 2016 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

**Basis of presentation**

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

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

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

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

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

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

**Governmental Funds:**

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Special Revenue Fund – to account for the proceeds of specific revenue sources and federal and state grants that are restricted by law or administrative action to expenditure for specific purposes.

For purposes of these statements, the general fund constitutes a major fund. The special revenue fund is considered non-major and is presented as the other governmental fund.

**Basis of accounting**

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

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

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

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

**Budgetary basis accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

**Deposits and investments**

Cash deposits are generally held by banks qualified as public depositories under Florida law. All deposits held by qualified public depositories are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool under Chapter 280, Florida Statutes. The School's cash consists primarily of demand deposits with financial institutions.

**Capital assets and depreciation**

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation. As of June 30, 2012, the School had no capital assets.

**Income taxes**

Miami-Dade Foundation for Educational Innovation, Inc. ("MDFEI") is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

MDFEI has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. This guidance is applicable to not-for-profit organizations that may be conducting unrelated business activities, which are potentially subject to income taxes, including state income taxes.

MDFEI assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that MDFEI believes it is “more likely than not” that its tax positions will be sustained upon an examination by the Internal Revenue Service (“IRS”) or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the School’s financial statements, as MDFEI believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same “more likely than not” measurement threshold. MDFEI is not yet subject to U.S. federal, state and local income tax examinations by tax authorities as fiscal 2012 is the first year of operations and the related returns have not been filed.

**Revenue sources**

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School’s charter. As such, the School’s revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education (“FDOE”) by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the Florida Education Finance Program (“FEFP”). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey years. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds.

The School may receive federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Fund balance spending policy**

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, then the unassigned fund balance when expenditures are incurred that meet the purpose of more than one fund. If a balance has not been restricted, committed or assigned for specific purposes, then the funds will be classified as unassigned. Funds can only be committed by formal action of the Board. The Board has delegated authority to the Principal to assign funds up to the amount of \$50,000. There are no minimum fund balance requirements for any of the School's funds.

**Use of estimates**

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

**Subsequent events**

The School has adopted guidance that requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date (that is, whether that date represents the date the financial statements were issued or were available to be issued). The School has evaluated subsequent events through August 27, 2012, which is the date the financial statements were available to be issued.

**2 ACCOUNTS RECEIVABLE**

Accounts receivable included in the accompanying financial statements consist of an amount due from a company that sub-leases space on the School's main campus for an after-school program. Based on the collectibility of funds from this source, the School believes that an allowance for doubtful accounts is not considered necessary.

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**3 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

The following is a schedule of state and local revenue sources and amounts:

District School Board of Miami-Dade County, Florida:	
Florida Education Finance Program	\$ 539,439
Class size reduction	188,646
Supplemental academic instruction	46,072
Discretionary millage funds	37,201
ESE guaranteed allocation	18,249
Instructional materials	10,593
Safe schools	3,979
Discretionary lottery funds	474
	<hr/>
Total	<u><u>\$ 844,653</u></u>

The administration fee paid to the School Board during the year ended June 30, 2012 totaled approximately \$42,000, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances - governmental funds.

**4 RISK MANAGEMENT PROGRAM**

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

**5 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2012 may be impaired.

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Legal matters**

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

**Lease commitments**

The School leases the school facility, inclusive of all classrooms, parking and ancillary spaces located at 1080 LaBaron Drive, Miami Springs, Florida, 6521 SW 62 Avenue, South Miami, Florida, and 13835 NW 97 Avenue, Hialeah, Florida from the School Board. These leases require the School to pay insurance and contain renewal options for one additional term of three years from the expiration of the original term, under the same terms and conditions. The School's obligation under these leases for fiscal 2012 is the proportionate share of the facility operating expenses. Effective July 1, 2012, and on July 1 of each year thereafter, the amount of the operating expenses shall be based upon the preceding year's reported actual cost per square foot for these services. The lease for the Hialeah location was terminated by the School on June 7, 2012. The total expense related to these leases in fiscal 2012 was approximately \$113,000.

**6 MANAGEMENT AGREEMENT**

The School has a management agreement ("Agreement") with the School Board to provide management and administration services to the School. The Agreement calls for the School to pay the School Board an annual management fee of \$440 per full-time equivalent student or the School Board's actual cost of providing these services, whichever is less. This fee is payable in equal monthly installments and may be deferred until the School has the ability to pay the fee without creating a condition of financial emergency. In fiscal year 2012, management fees totaled \$19,623 and are included in the accompanying financial statements as a general administration expense/expenditure and "Due to School Board."

**ACADEMY OF INTERNATIONAL EDUCATION CHARTER SCHOOL  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
State and local sources	\$ 979,122	\$ 849,541	\$ 844,653	\$ (4,888)
Contributions and other revenue	20,000	25,034	25,174	140
Total revenues	999,122	874,575	869,827	(4,748)
<b>EXPENDITURES</b>				
Current:				
Instruction	487,300	476,099	523,440	(47,341)
Instructional media	7,100	7,593	3,610	3,983
Board	17,000	15,336	1,596	13,740
General administration	135,936	94,889	99,419	(4,530)
School administration	145,250	158,014	118,639	39,375
Pupil transportation services	-	1,110	1,110	-
Operation and maintenance of plant	179,185	112,870	113,190	(320)
Total expenditures	971,771	865,911	861,004	4,907
Net changes in fund balances	27,351	8,664	8,823	159
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ 27,351	\$ 8,664	\$ 8,823	\$ 159

See report of independent auditors.





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

To the Board of Directors of Academy of International Education Charter School, a  
Charter School and Component Unit of the District School Board of Miami-Dade  
County, Florida

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Academy of International Education Charter School (the "School"), a charter school and component unit of the District School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 27, 2012. 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.

**Internal Control Over Financial Reporting**

Management of the School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described as follows:

**2012-01: Insurance Coverage:** According to the charter agreement with the School Board, the School is required to carry worker's compensation coverage of \$500,000 for each accident/disease. During our compliance audit procedures, we noted the School did not obtain adequate worker's compensation insurance coverage. The School's worker's compensation insurance coverage limits are \$100,000 for each accident and \$100,000 for each disease. This coverage does not appear to be in accordance with the charter school contract. We recommend the School take the necessary steps to increase current coverage to the required levels or negotiate with the School Board to revise the required coverage.

**2012-02: Board Requirements:** According to the charter agreement with the School Board, the governing board members of the School are required to be fingerprinted within 30 days of their appointment to the board. In addition, under the Florida Department of Education ("FDOE") Rule 6A-6.0784, members of the board are required to complete a four hour board training course within 90 days of board appointment. During our audit procedures, we noted three board members did not complete the fingerprinting and four board members did not complete the training course within the required timeframe. As a result, the School is not in compliance with its charter and the rules of the FDOE. We recommend the School inform the board members of the requirements and follow up with them to ensure the required fingerprinting and training is completed.

The School's response to the findings identified in our audit is included in the Written Statement of Explanation or Rebuttal on pages 28-29. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management of the School, the District School Board of Miami-Dade County, Florida, the Florida Department of Education and the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



Winter Park, Florida  
August 27, 2012

**ADDITIONAL INFORMATION REQUIRED BY  
RULES OF THE AUDITOR GENERAL,  
CHAPTER 10.850**



To the Board of Directors of Academy of International Education Charter School, a  
Charter School and Component Unit of the District School Board of Miami-Dade  
County, Florida

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Academy of International Education Charter School as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated August 27, 2012.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated August 27, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

- 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 and recommendations in the preceding annual financial report.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.



- Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official name of the School is Academy of International Education Charter School.
- Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition met. During the course of our audit, nothing came to our attention to indicate that the School had met any of the conditions described in Section 218.503(1), Florida Statutes ("the conditions"). However, in planning and performing our audit, we considered whether the School had met any of the conditions as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion as to whether the School had met any of the conditions. Accordingly, we do not express an opinion as to whether the School had met any of the conditions.
- Pursuant to Sections 10.854(1)(e)7.a. and 10.855(10), Rules of the Auditor General, we applied financial condition assessment procedures as of June 30, 2012, which included calculation and analysis of certain financial indicators we considered relevant to the School. Our financial condition assessment procedures did not include the use of benchmarks. 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 management.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of Directors, management, and the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*BKHM, P.A.*

Winter Park, Florida  
August 27, 2012



### **Written Statement of Explanation**

#### 2012-01: Insurance Coverage

##### **Response:**

The required insurance limits were sent through the school's payroll provider – Paychex, a national leader in payroll and HR services – and a quote was received for the proper levels of \$500k at the per incident, per employee, and aggregate levels. Upon issuance of the insurance however the per incident and per employee limits were mistakenly lowered to \$100k, while the aggregate policy limit remained at \$500k. This mistake was not caught upon receipt of the Certificate of Insurance. At this time the error has already been corrected and the school's board has Workers' Compensation insurance through Hartford Underwriters at the appropriate levels. A certificate of insurance documenting the correction is attached to this response.

#### 2012-02: Board Requirements

##### **Response:**

Three board members were delayed in completing the required fingerprinting due to the inability to come to the District and complete the action within the timeline. As soon as it was brought to their attention all board members completed the fingerprinting and were subsequently cleared for work on the Board. In the future any new board members will be informed of requirements upon being nominated for the board and will complete the required background checks in a timely manner.

Four board members were delayed in completing the required training because they were unable to attend the live training or were not on the board at the time of training. As soon as this error was discovered they completed the online training and can complete the additional training to ensure compliance. In the future any new board members will be informed of requirements upon being nominated for the board and will complete the required training in a timely manner prior to becoming official members of the board.

*Vera A. Horsh, Principal*



## CERTIFICATE OF LIABILITY INSURANCE

LSF  
R054DATE (MM/DD/YYYY)  
08-28-2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> PAYCHEX INSURANCE AGENCY INC 210705 P: () - F: (888) 443-6112 PO BOX 33015 SAN ANTONIO TX 78265	<b>CONTACT NAME:</b> <b>PHONE:</b> FAX: (888) 443-6112 <b>EMAIL:</b> <b>ADDRESS:</b>
<b>INSURED</b> MIAMI DADE FOUNDATION FOR EDUCATION INNOVATION INC 1080 LA BARON DR MIAMI FL 33166	<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A: Hartford Underwriters Ins Co INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:

**COVERAGES** **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSURER	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCLR <input type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC				<b>EACH OCCURRENCE</b> DAMAGE TO RENTED PREMISES (EA OCCURRENCE) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				<b>COMBINED SINGLE LIMIT</b> (EA accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	<b>UMBRELLA LMB</b> <input type="checkbox"/> EXCESS LMB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$				<b>EACH OCCURRENCE</b> AGGREGATE
A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below	76 WEG EP2056	08/25/2012	08/25/2013	<input checked="" type="checkbox"/> WC STATL E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Those usual to the Insured's Operations.

**CERTIFICATE HOLDER**

THE SCHOOL BOARD OF MIAMI DADE COUNTY  
1450 NE 2ND AVE  
MIAMI, FL 33132

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

*Joe Taylor*

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