

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY

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

BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

June 30, 2012

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
June 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Florida International Elementary Academy
Miami, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Florida International Elementary Academy (the "School") a department of Florida International Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 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 an opinion 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 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 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 opinion.

As discussed in Note 1, the financial statements of the School, a department of Florida International Academy, Inc., are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of Florida International Academy, Inc., that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Florida International Academy, Inc. as of June 30, 2012, and its change in financial position or budgetary comparison, where applicable, for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of the School, as of June 30, 2012, and the respective changes in financial position and budgetary comparison for the General Fund and Special Revenue Fund 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 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 and budgetary comparison information on pages 3 through 6 and 21 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.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 27, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Our discussion and analysis of Florida International Elementary Academy (the "School") financial performance provides an overview of the School's financial activities for the year ended June 30, 2012. This is the first year comparative information is available due to the School's second year of operations. Please read it in conjunction with the School's financial statements which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

The following are the highlights of financial activity for the year ended June 30, 2012:

- The School's total assets exceeded its liabilities as of June 30, 2012 by \$ 236,995 (net assets).
- The School's net assets increased by \$ 22,832 during the current fiscal year as a result of this year's operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

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

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

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

The governmental fund financial statements can be found on pages 9 and 11 of this report.

Notes to Basic Financial Statements

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

Other Information:

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net assets as of June 30, 2012:

Florida International Elementary Academy			
Net Assets			
		2012	2011
CURRENT ASSETS	\$	348,366	\$ 452,083
NONCURRENT ASSETS		179,219	32,589
Total assets		527,585	484,672
CURRENT LIABILITIES		237,943	356,963
NONCURRENT LIABILITIES		52,647	-
Total liabilities		290,590	356,963
NET ASSETS:			
Invested in capital assets, net of related debt		122,769	86,454
Unrestricted		114,226	127,709
Total net assets	\$	236,995	\$ 214,163

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

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

The following table reflects the School's change in net assets for the years ended June 30, 2012:

Florida International Elementary Academy
Change in Net Assets

	<u>2012</u>	<u>2011</u>
REVENUES:		
General revenues	\$ 2,734,767	\$ 1,963,323
Program revenues:		
Operating grants		
and contributions	366,160	55,378
Capital outlay funds	<u>-</u>	<u>226,511</u>
Total revenues	<u>3,100,927</u>	<u>2,245,212</u>
EXPENSES:		
Instruction	1,642,973	971,802
Administration	335,327	210,544
Operation of plant	471,461	401,508
Facilities acquisition	249,664	170,544
Pupil transportation services	234,044	163,143
Fiscal services	107,147	92,945
Maintenance of plant	10,608	5,654
Board	20,359	14,909
Interest	<u>6,512</u>	<u>-</u>
Total expenses	<u>3,078,095</u>	<u>2,031,049</u>
Change in net assets	22,832	214,163
NET ASSETS, July 1, 2011	<u>214,163</u>	<u>-</u>
NET ASSETS, June 30, 2012	\$ <u><u>236,995</u></u>	\$ <u><u>214,163</u></u>

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

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

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

The General Fund is the chief operating fund of the School. At the end of year 2012, unreserved fund balance of the General Fund was \$ 32,034. The overall General Fund balance decreased by \$ 256,933. This is the second year that the School was in operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the final amended budget and actual amounts can be briefly summarized as follows:

1. The school budgeted revenue net of the district administrative expense. Adjusting entries were made to recognize revenue and expense resulting in a budget variance for these two items.
2. Education Jobs Funds were included in state sources in the school's budget.
3. The school entered into a promissory note for the purchase of a fence. The payments were budgeted but not the revenue and expense for the note and capital asset.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The School's investment in capital assets as of June 30, 2012 amounts to \$ 179,219 net of accumulated depreciation. This investment in capital assets is composed of leasehold improvements and office and classroom equipment.

Debt

The school funded facility improvements through the issuance of a note payable in the amount of \$ 58,500 during the current fiscal year. In addition, The School paid \$ 210,000 on a loan borrowed in the prior year from a national not-for-profit during the current year

ECONOMIC FACTORS

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in the year 2012 include additional revenues associated with projected student enrollment increase of 32 students.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Florida International Academy, Inc. for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Florida International Academy, Inc.; 13400 NW 28th Avenue, Opa Locka, FL 33054.

BASIC FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY

STATEMENT OF NET ASSETS

June 30, 2012

A S S E T S

	<u>Governmental Activities</u>
CURRENT ASSETS:	
Cash	\$ 299,624
Prepaid expenses	<u>48,742</u>
Total current assets	<u>348,366</u>
NONCURRENT ASSETS:	
Capital assets, depreciable	202,781
Less accumulated depreciation	<u>23,562</u>
Total noncurrent assets	<u>179,219</u>
Total assets	<u>527,585</u>

L I A B I L I T I E S A N D N E T A S S E T S

CURRENT LIABILITIES:	
Accounts payable	920
Accrued payroll and related taxes	144,512
Due to affiliate	88,708
Note payable:	
Due within one year	3,803
NONCURRENT LIABILITIES:	
Due in more than one year	<u>52,647</u>
Total liabilities	<u>290,590</u>
CONTINGENCIES:	-
NET ASSETS:	
Invested in capital assets, net of related debt	122,769
Unrestricted	<u>114,226</u>
Total net assets	\$ <u>236,995</u>

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

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY

STATEMENT OF ACTIVITIES For the Year Ended June 30, 2012

	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities Net Revenue (Expense) and Change in Net Assets</u>
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Instruction:				
Regular	\$ 1,544,441	\$ 366,160	\$ -	\$ (1,178,281)
Exceptional	28,150	-	-	(28,150)
Instructional support services:	-			-
Pupil services	-	-	-	-
Instructional media services	800	-	-	(800)
Instructional services - other	69,582	-	-	(69,582)
Administrative services	335,327	-	-	(335,327)
Facilities acquisition and construction	471,461	-	-	(471,461)
Plant operations	249,664	-	-	(249,664)
Plant maintenance	10,608	-	-	(10,608)
Transportation	234,044	-	-	(234,044)
Operation of non-instructional services:	-			-
Board services	20,359	-	-	(20,359)
Fiscal services	107,147	-	-	(107,147)
Central services	-	-	-	-
Community services	-	-	-	-
Debt service:				
Interest	6,512	-	-	(6,512)
 Total governmental activities	 \$ <u>3,078,095</u>	 \$ <u>366,160</u>	 \$ <u>-</u>	 <u>(2,711,935)</u>
General revenues:				
FTE non-specific revenues				2,703,746
Miscellaneous revenues				<u>31,021</u>
				<u>2,734,767</u>
				22,832
Net assets, July 1, 2011				<u>214,163</u>
Net assets, June 30, 2012				<u>\$ 236,995</u>

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

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2012

A S S E T S

	General Fund	Special Revenue Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash	\$ 266,174	\$ 33,450	\$ 299,624
Prepaid expenditures	<u>48,742</u>	<u>-</u>	<u>48,742</u>
Total assets	\$ <u><u>314,916</u></u>	\$ <u><u>33,450</u></u>	\$ <u><u>348,366</u></u>

L I A B I L I T I E S A N D F U N D B A L A N C E

LIABILITIES:

Accounts payable	\$ 920	\$ -	\$ 920
Accrued payroll and related taxes	144,512	-	144,512
Deferred revenue	-	-	-
Due to affiliate	<u>88,708</u>	<u>-</u>	<u>88,708</u>
Total liabilities	<u>234,140</u>	<u>-</u>	<u>234,140</u>

FUND BALANCE:

Nonspendable for prepaid expenditures	48,742	-	48,742
Unassigned	<u>32,034</u>	<u>33,450</u>	<u>65,484</u>
Total fund balance	<u>80,776</u>	<u>33,450</u>	<u>114,226</u>
Total liabilities and fund balance	\$ <u><u>314,916</u></u>	\$ <u><u>33,450</u></u>	\$ <u><u>348,366</u></u>

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

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET ASSETS
June 30, 2012

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:

Total fund balance - governmental fund, page 9	\$	114,226
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Capital assets used in governmental activities are not
financial resources; therefore, they are not reported
in the governmental fund.

Cost of capital assets	\$	202,781	
Accumulated depreciation		<u>(23,562)</u>	179,219

Liabilities not payable with current available resources
are not reported as fund liabilities in the governmental
fund statements. All liabilities both current and long-term
are reported in the government-wide statements.

Note payable	<u>(56,450)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 7	\$	<u><u>236,995</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Total
REVENUES:			
State sources	\$ 2,668,484	\$ -	\$ 2,668,484
Federal sources	32,384	366,160	398,544
Local sources	33,899	-	33,899
Total revenues	<u>2,734,767</u>	<u>366,160</u>	<u>3,100,927</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	1,354,639	180,277	1,534,916
Exceptional	28,150	-	28,150
Instructional support services:			
Pupil services	-	-	-
Instructional media services	-	800	800
Instructional services - other	8,299	61,283	69,582
Administrative services	335,327	-	335,327
Facilities acquisition and construction	445,932	-	445,932
Plant operations	249,664	-	249,664
Plant maintenance	10,608	-	10,608
Transportation	213,013	21,031	234,044
Operation of non-instructional services:			-
Board services	20,359	-	20,359
Fiscal services	107,147	-	107,147
Central services	-	-	-
Community services	-	-	-
Capital outlay:			
Site, building and equipment	58,500	69,319	127,819
Debt service:			
Principal	212,050	-	212,050
Interest	6,512	-	6,512
Total expenditures	<u>3,050,200</u>	<u>332,710</u>	<u>3,382,910</u>
Net change in fund balance before other sources	(315,433)	33,450	(281,983)
OTHER SOURCES:			
Proceeds from debt	58,500	-	58,500
Net change in fund balance	(256,933)	33,450	(223,483)
FUND BALANCE, July 1, 2011	<u>337,709</u>	<u>-</u>	<u>337,709</u>
FUND BALANCE, June 30, 2012	<u>\$ 80,776</u>	<u>\$ 33,450</u>	<u>\$ 114,226</u>

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

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND, PAGE 11	\$ (223,483)
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Amounts reported for governmental activities in the statement
of activities are different because:

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

Cost of capital assets	\$ 113,910	
Provision for depreciation	(21,145)	92,765

Issuance and the payment of debt is reported as revenue in the
and expenditures in the governmental funds, but reported as
activity in the statement of net assets.

Issuance of debt	(58,500)	
Payment of debt	212,050	153,550

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 8	\$ <u>22,832</u>
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The accompanying notes to basic financial statements are an integral part of these statements.

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - ORGANIZATION AND OPERATIONS

Florida International Elementary Academy (the "School"), a department of Florida International Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The School commenced operations in August 2010 and offers classes for grades kindergarten through fifth grades in the City of Miami. Four hundred thirty-two (432) students were enrolled in classes when the school year ended June 30, 2012.

The financial statements of the School present only the balances, activity, and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Florida International Academy, Inc. as of June 30, 2012 and its change in financial position or budgetary comparisons, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring School Board, the School Board of Miami-Dade County, Florida. The current charter is effective until June 30, 2015, and may be renewed in increments of one year by mutual written agreement between the School and the District. At the end of the term of the charter, the Board may choose not to renew the charter under grounds specified in the charter, in which case the Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the Board may also terminate the charter if good cause is shown. Florida International Elementary Academy is considered a component unit of the School Board of Miami-Dade County, Florida.

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

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

Basis of presentation:

Based on the contractual provisions within the School's contract with the School Board of Miami-Dade County, Florida and the provisions of the Florida Statutes, the School is presented as a governmental organization for financial reporting purposes.

Basic financial statements - government-wide statements:

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

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables, as well as all noncurrent debt and obligations. The School's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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

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

Basic financial statements - fund financial statements:

The accounts of the School are organized on the basis of funds. The operations of the sole fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

The School reports the following major governmental funds:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

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

Net assets:

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

- Invested in capital assets, net of related debt – represents the difference between the cost of any capital assets, less accumulated depreciation reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvements of those assets, if any.
- Restricted net assets – consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted – indicates that portion of net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance:

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

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

- Nonspendable – amounts that are not in spendable form (such as prepaid items and deposits) or are legally or contractually required to be maintained intact.
- Restricted – amounts constrained to specific purposes by external providers (such as grantors) or imposed by law through constitutional provisions, or by enabling legislation.
- Committed – amounts constrained to specific purposes by formal action of the School itself, using its highest level of decision making authority (i.e., the School Board) through Resolution. To be reported as committed, amounts cannot be used for any other purpose unless the School Board takes the same highest level action (i.e., Resolution) to remove or change the constraint.
- Assigned – amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the School's body or any delegated authority at their direction.
- Unassigned – amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund.

The details of the fund balances are included in the Governmental Balance Sheet on Page 9.

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

Measurement focus and basis of accounting:

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

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

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting: (continued)

The governmental fund basic financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Cash and cash equivalents:

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

Capital assets:

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

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

Equipment	5 years
Leasehold and other improvements	10 years

Income Taxes:

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

Grant and contract revenue:

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

Due from other governments:

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid expenses/expenditures:

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

Use of estimates:

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

Unearned/deferred revenue:

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Deferred revenues, also known as unearned revenue, at the government-wide level, arise only when the school receives resources before it has a legal claim to them.

Date of managements review:

Subsequent events have been evaluated through August 27, 2012, which is the date the financial statements were available to be issued.

NOTE 3 - BUDGET

The School formally adopted a budget for the General Fund and Special Revenue Fund for the year ended June 30, 2012. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to the final budgeted amounts for the both funds is presented as required supplemental information.

NOTE 4 - DEPOSITS

At June 30, 2012 the total carrying amount of the School's cash balances was \$ 299,626. The bank balance at local depositories was \$ 344,409, for which the entire balance was insured by the FDIC.

State statute require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimal collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool, as the School has identified itself as a public entity at June 30, 2012.

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 - CAPITAL ASSETS

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

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
Capital assets, not being depreciated:				
Construction in progress	\$ 52,612	\$ -	\$ 52,612	\$ -
Total capital assets, not being depreciated	<u>52,612</u>	<u>-</u>	<u>52,612</u>	<u>-</u>
Capital assets, being depreciated:				
Leasehold and other improvements	-	122,534	-	122,534
Equipment	<u>36,259</u>	<u>43,988</u>	<u>-</u>	<u>80,247</u>
Total capital assets, being depreciated	<u>36,259</u>	<u>166,522</u>	<u>-</u>	<u>202,781</u>
Accumulated depreciation:				
Leasehold and other improvements	-	5,850	-	5,850
Equipment	<u>2,417</u>	<u>15,295</u>	<u>-</u>	<u>17,712</u>
Total accumulated depreciation:	<u>2,417</u>	<u>21,145</u>	<u>-</u>	<u>23,562</u>
Total capital assets, being depreciated, net	<u>33,842</u>	<u>145,377</u>	<u>-</u>	<u>179,219</u>
Net capital assets	\$ <u>86,454</u>	\$ <u>145,377</u>	\$ <u>52,612</u>	\$ <u>179,219</u>

Depreciation for the year ended June 30, 2012, amounted to \$ 21,145 allocated to facilities acquisition and construction and regular instruction of 5,770 and 15,375, respectfully.

As part of the School's charter contract, all capital assets purchased with public funds will automatically revert to the district school board upon the non-renewal or termination of the contract.

NOTE 6 - CONTINGENCIES AND COMMITMENTS

The School received financial assistance from federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Audit Act, the School is required to conduct a "single audit" since the required threshold for both Federal and state money is currently \$ 500,000 and the School exceeded such threshold. The School is currently in process of completing this requirement.

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 - CONTINGENCIES AND COMMITMENTS (continued)

The School also has a contract with a management company to assist the performance of various administrative, operating, and financial duties. Under the terms of the agreement, the School will pay monthly \$ 7,500 through June 2013. The total amount incurred during the year ended June 30, 2012 relating to this contract was \$ 90,000. This contract can be terminated unilaterally by either party if school enrollment falls below 200 students.

NOTE 7 - RELATED PARTY TRANSACTIONS

The School is related to Florida International Academy ("Academy") through being operated under the same not-for-profit organization, Florida International Academy, Inc. The School was granted its charter in May 2010, and began operations August 2010. In addition, the schools share various cost inherent with operating out of the same facility and may also advance monies on an interim basis to one another. As a result of these transactions, the School owes the Academy \$ 88,708 as of June 30, 2012.

NOTE 8 - DEBT

During the year, the School financed certain facility improvements through the issuance of a note. The note is payable monthly in the amount of \$ 773 including principal and interest at a rate of 10% until November 2021. The outstanding balance at June 30, 2012 was \$ 56,450.

During the prior year, the School obtained a short term interest only note payable from a national not-for-profit for \$ 210,000. The note incurred interest at 6.00% and matured on October 8, 2011. The note was secured by the Florida Department of Education Project Award Notification awarded to the School.

Debt amounts and activity for the year are as follows:

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012	Due In One Year
Note payable	\$ 210,000	\$ -	\$ 210,000	\$ -	\$ 3,803
Note payable	<u>-</u>	<u>58,500</u>	<u>2,050</u>	<u>56,450</u>	<u>-</u>
	<u>\$ 210,000</u>	<u>\$ 58,500</u>	<u>\$ 212,050</u>	<u>\$ 56,450</u>	<u>\$ 3,803</u>

Future payments on debt are as follows:

Year Ending <u>June 30</u>	
2013	\$ 3,803
2014	4,201
2015	4,641
2016	5,127
2017	5,664
2018-2022	<u>33,014</u>
Total	<u>\$ 56,450</u>

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 9 - LEASES

The School leases facilities for its operations under a joint agreement with the Academy where 57% of the lease expense is allocated to the School and 43% is allocated to the Academy. The lease agreement became effective August 1, 2010 and expires on July 31, 2035. The agreement has the option for four, five year extensions, subsequent to the end of the 25 year lease term. In addition, the Schools have the option to purchase the property for approximately \$ 11,000,000 for the first four years of the agreement. Rent is based on agreed upon amounts for the initial three years and then increased by the annual consumer price index in effect for subsequent years. Monthly lease payments are approximately \$ 36,800. Total expense in connection with the facility lease amounted to approximately \$ 441,000 for the year ended June 30, 2012.

Future base lease payments in accordance with the new agreement are as follows:

Year Ending <u>June 30</u>	
2013	\$ 471,500
2014	\$ 474,200
2015	\$ 474,200
2016	\$ 474,200
2017	\$ 474,200
2018-2022	\$ 2,371,200
2023-2027	\$ 2,371,200
2028-2032	\$ 2,371,200
2033-2035	\$ 1,462,300

NOTE 10 - RISK FINANCING

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

REQUIRED SUPPLEMENTAL INFORMATION

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2012

	Original and Final Budget	Actual	Variance
REVENUES:			
State sources	\$ 2,575,868	\$ 2,668,484	\$ 92,616
Federal sources	-	32,384	32,384
Local sources	<u>28,584</u>	<u>33,899</u>	<u>5,315</u>
Total revenues	<u>2,604,452</u>	<u>2,734,767</u>	<u>130,315</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	1,388,067	1,354,639	33,428
Exceptional	-	28,150	(28,150)
Instructional support services:			
Instructional services - other	8,529	8,299	230
Administrative services	260,274	335,327	(75,053)
Facilities acquisition and construction	457,000	445,932	11,068
Plant Operations	200,897	249,664	(48,767)
Plant maintenance	10,650	10,608	42
Transportation	213,100	213,013	87
Operation of non-instructional services:			
Board services	20,360	20,359	1
Fiscal services	107,200	107,147	53
Capital outlay:			
Site, building and equipment	-	58,500	(58,500)
Debt service:			
Principal	210,000	212,050	(2,050)
Interest	<u>5,550</u>	<u>6,512</u>	<u>(962)</u>
Total expenditures	<u>2,881,627</u>	<u>3,050,200</u>	<u>(168,573)</u>
Net change in fund balance before other sources	(277,175)	(315,433)	(38,258)
OTHER SOURCES:			
Proceeds from debt	<u>-</u>	<u>58,500</u>	<u>58,500</u>
'Net change in fund balance	(277,175)	(256,933)	20,242
FUND BALANCE, July 1, 2011	<u>337,709</u>	<u>337,709</u>	<u>-</u>
FUND BALANCE, June 30, 2012	\$ <u><u>60,534</u></u>	\$ <u><u>80,776</u></u>	\$ <u><u>20,242</u></u>

FLORIDA INTERNATIONAL ELEMENTARY ACADEMY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
For the Year Ended June 30, 2012

	Original and Final Budget	Actual	Variance
REVENUES:			
Federal sources	\$ -	\$ -	\$ -
Title 1	230,006	230,006	-
Start up grant	136,154	136,154	-
	<u>366,160</u>	<u>366,160</u>	<u>-</u>
Total revenues			
	<u>366,160</u>	<u>366,160</u>	<u>-</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	180,276	180,277	(1)
Exceptional	-	-	-
Instructional support services:			
Pupil services	-	-	-
Instructional media services	800	800	-
Instructional services - other	61,283	61,283	-
Administrative services	-	-	-
Facilities acquisition and construction	-	-	-
Plant Operations	-	-	-
Plant maintenance	-	-	-
Transportation	21,031	21,031	-
Capital outlay:			
Site, building and equipment	102,770	69,319	33,451
Debt service:			
Principal	-	-	-
Interest	-	-	-
	<u>366,160</u>	<u>332,710</u>	<u>33,450</u>
Total expenditures			
	<u>366,160</u>	<u>332,710</u>	<u>33,450</u>
Net change in fund balance before other sources	-	33,450	33,450
OTHER SOURCES:			
Proceeds from debt	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	33,450	33,450
FUND BALANCE, July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2012	\$ <u>-</u>	\$ <u>33,450</u>	\$ <u>33,450</u>

OTHER AUDITORS' REPORTS



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

To the Board of Directors
Florida International Elementary Academy
Miami, Florida

We have audited the financial statements of the governmental activities and each major fund of Florida International Elementary Academy (the "School"), a department of Florida International Academy, Inc. and component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 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

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 School's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 27, 2012



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Florida International Elementary Academy
Miami, Florida

We have audited the basic financial statements of governmental activities and each major fund of Florida International Academy, Inc. (the "School"), a department of Florida International Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the fiscal 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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which are 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 audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule.

1. 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.
2. 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.
3. 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 occurred, 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.

4. 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 are inconsequential to the determination of financial statement amounts, 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.
5. Section 10.854(1)(e)6., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Florida International Academy, Inc.
6. 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(s) met. In connection with our audit, we determined that the Florida International Academy, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
7. Pursuant to Sections 10.854(1)(e)7.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Florida International Academy, Inc. 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.

Pursuant to Chapter 119, Florida Statutes, this report is a matter of 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 use and information of the School's management, the Board of Directors, the Auditor General of the State of Florida and the School Board of Miami-Dade County, and is not intended to be and should not be used by anyone other than these specified parties.

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
August 27, 2012