

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
A Program of ASPIRA OF FLORIDA, INC.
(a nonprofit organization)

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
A Program of ASPIRA OF FLORIDA, INC.
(a nonprofit organization)

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CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Officers of
ASPIRA of Florida, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying special purpose financial statements of ASPIRA Raul Arnaldo Martinez Charter School (the "School"), a program of ASPIRA of Florida, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, and cash flows for the fiscal years then ended, and the related notes to the special purpose financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2017 and 2016, and the changes in its net assets and cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As explained in Note I to the special purpose financial statements, the special purpose financial statements being presented are only for the School referred to above, which is a program of ASPIRA of Florida, Inc. The special purpose financial statements do not include the statements of financial position, activities or cash flows of ASPIRA of Florida, Inc. (a nonprofit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of ASPIRA of Florida, Inc. as of June 30, 2017 and 2016 or its results of operations and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP

Coral Gables, Florida

September 29, 2017, except for Note IX, as to which the date is June 19, 2018

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
A Program of ASPIRA of FLORIDA, INC.
(a nonprofit organization)
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 10,569	\$ -
Due from the Miami-Dade County School Board		
-State of Florida Capital Outlay Distribution	16,311	14,077
Local-FTE receivable	9,422	7,080
Other Receivables	3,083	74,399
Due from ASPIRA of Florida, Inc.	<u>1,282,303</u>	<u>1,814,485</u>
Total current assets	<u>1,321,688</u>	<u>1,910,041</u>
Capital Assets, Net	<u>407,534</u>	<u>173,204</u>
Total assets	<u>1,729,222</u>	<u>2,083,245</u>
<u>LIABILITIES</u>		
Long-term liabilities:		
Compensated absences	<u>15,920</u>	<u>18,493</u>
Total long-term liabilities	<u>15,920</u>	<u>18,493</u>
<u>NET ASSETS</u>		
Net Assets:		
Unrestricted	<u>1,713,302</u>	<u>2,064,752</u>
Total net assets	<u>1,713,302</u>	<u>2,064,752</u>
Total liabilities and net assets	<u>\$ 1,729,222</u>	<u>\$ 2,083,245</u>

See Notes to Special Purpose Financial Statements.

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
A Program of ASPIRA OF FLORIDA, INC.
(A nonprofit organization)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Changes in Unrestricted Net Assets</u>		
Support and revenue		
Local-FTE	\$ 3,592,303	\$ 3,479,759
Federal and local grants	643,499	610,451
Capital outlay distribution	197,651	171,993
Other	<u>41,544</u>	<u>808</u>
Total revenues	<u>4,474,997</u>	<u>4,263,011</u>
Expenses:		
Instruction (Teachers)	1,494,714	1,360,585
Pupil personnel services	315,852	305,205
Instructional media service	61,518	57,503
Instructional and curriculum development services	2,701	1,952
Instructional staff training services	2,721	2,525
General administration	287,384	278,381
School administration	371,455	307,842
Fiscal services	7,350	7,000
Food services	420,013	469,613
Central services	66,126	74,044
Student transportation services	281,982	234,970
Operation of plant	1,234,261	643,370
Maintenance of the plant	172,181	394,571
Depreciation	<u>108,189</u>	<u>87,838</u>
Total expenses	<u>4,826,447</u>	<u>4,225,399</u>
(Decrease) increase in unrestricted net assets	(351,450)	37,612
Net assets, beginning	<u>2,064,752</u>	<u>2,027,140</u>
Net assets, ending	<u>\$ 1,713,302</u>	<u>\$ 2,064,752</u>

See Notes to Special Purpose Financial Statements.

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
A Program of ASPIRA OF FLORIDA, INC.
(A nonprofit organization)
STATEMENTS OF CASH FLOWS

FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) Increase in net assets	\$ (351,450)	\$ 37,612
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	108,189	87,838
(Increase) decrease in:		
Due from School Board of Miami-Dade County		
-State of Florida Capital Outlay Distribution	(2,234)	5,135
-Education Jobs Fund	(2,342)	(264)
Other Receivables	71,316	(74,399)
Due from ASPIRA of Florida, Inc.	532,182	21,267
Increase (decrease) in:		
Compensated absences	<u>(2,573)</u>	<u>2,968</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>353,088</u>	<u>80,157</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Capital Assets	<u>(342,519)</u>	<u>(80,157)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(342,519)</u>	<u>(80,157)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>10,569</u>	<u>-</u>
 BEGINNING CASH AND CASH EQUIVALENTS	<u>-</u>	<u>-</u>
 ENDING CASH AND CASH EQUIVALENTS	<u>\$ 10,569</u>	<u>\$ -</u>

See Notes to Special Purpose Financial Statements.

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
A Program of ASPIRA OF FLORIDA, INC.
(a nonprofit organization)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

I. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

ASPIRA of Florida, Inc. (the "Organization") was incorporated on March 2, 1981 in the State of Florida, and is a non-profit organization operating in Miami-Dade, Broward and Palm Beach counties.

The overall purpose of the Organization is to foster the social advancement of the minority community by empowering its youth in the pursuit of educational excellence through leadership development programs that emphasize commitment to the community. ASPIRA's programs are grouped into two major categories: a) Youth Leadership Development/Outreach (YLD) and b) Youth Leadership Charter Schools.

On April 14, 1999, the Miami-Dade County School Board approved the application submitted by the Board of Directors of ASPIRA of Florida, Inc. for the creation of the ASPIRA Raul Arnaldo Martinez Charter School (the "School") (formerly known as the ASPIRA Youth Leadership Charter School). The School is accounted for as program of the Organization. The governing body of the School is the Organization's Board of Directors.

The School operates under a charter of the sponsoring school district, the Miami-Dade County School Board (the "School Board"). The School's charter was approved by the Board of Directors on June 24, 1999 and is now effective until June 30, 2019. The charter was renewed for an additional two (2) years by mutual written agreement between the School and the School Board under the condition that the school implements a Corrective Action Plan. This contract also includes a voluntary surrender option if the school does not meet the performance measures outlined in the Corrective Action Plan. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the School in writing at least 90 days prior to the charter's termination. Pursuant to Section 228.056(11)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the School Board. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

Enrollment and Grade Configuration

<u>School Name and Address</u>	<u>Location No.</u>	<u>Grades</u>	<u>Enrollment</u>	<u>School Principal</u>
ASPIRA Raul Arnaldo Martinez Charter School 13300 Memorial Highway North Miami, FL 33161	6020	6 th , 7 th , and 8 th	570	Dr. Elaine Perez

Governance Structure

The Board of Directors of ASPIRA of Florida, Inc. governs the School through the School's Advisory Council (governing board). The Board of Directors of ASPIRA of Florida, Inc. consists of the following members:

Edward Hernandez, Esq.	Chairperson
Luis Gonzalez Estevez	Vice-Chair Fund Raising
Marisol Gomez-Decena, Esq.	Secretary
Rafael Lopez	Treasurer
Hernando J. Novoa	Board member
Dr. Maria M. Vallejo	Board member
Arlene Rodriguez	Interim President and CEO (Non-voting member)

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
A Program of ASPIRA OF FLORIDA, INC.
(a nonprofit organization)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

I. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

For financial reporting purposes, ASPIRA Raul Arnaldo Martinez Charter School is a program of ASPIRA of Florida, Inc. and is included in the Organization's annual financial statements.

The special purpose financial statements present the financial position, activities and cash flows of ASPIRA Raul Arnaldo Martinez Charter School only and do not include the statements of financial position, activities or cash flows of ASPIRA of Florida, Inc. (a nonprofit organization). Accordingly, the accompanying special purpose financial statements are not intended to present the financial position of ASPIRA of Florida, Inc. as of June 30, 2017 and 2016 or its results of operations and cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The School uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There were no promises to give as of June 30, 2017 and 2016.

Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Funds provided by the School Board through the State's Charter School Capital Outlay Funding pursuant to Section 228.0561 of the Florida Statutes are recorded as temporarily restricted support until the Organization submits a Capital Outlay Plan to the School Board and the School Board accepts the Capital Outlay Plan and releases the funds.

Funds received from the Miami-Dade County Public School Board (the "School Board") and the State of Florida for the operations of the School are recorded as exchange transactions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, short-term marketable investments purchased with an original maturity date of three months or less are considered to be cash equivalents.

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
A Program of ASPIRA OF FLORIDA, INC.
(a nonprofit organization)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

I. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets consist of building improvements, leasehold improvements, furniture and equipment, and textbooks, are recorded at cost and depreciated using the straight-line method over a three to ten year estimated useful lives or in the case of leasehold improvements over the life of the lease. Contributed property and equipment is recorded at fair value at the date of donation. The School capitalizes assets with cost greater than \$500 and a useful life greater than one year.

Repairs and maintenance are expensed as incurred. Improvements which increase the life of the assets are capitalized. The carrying amounts of assets sold are retired and the related accumulated depreciation is eliminated in the year of disposal and the resulting gain or loss is credited or charged to operations.

Due To/From ASPIRA of Florida, Inc.

The School is accounted for as a program of ASPIRA of Florida, Inc. and separate bank accounts are maintained for each school. Due To/From accounts are debited or credited for amounts owed to or due from the School or ASPIRA of Florida, Inc. The balance at June 30, 2017 was \$1,282,303 due from ASPIRA of Florida, Inc.

Compensated Absences

Non-instructional employees of the School earn a vested right to accumulate unused vacation and sick time up to a maximum of 240 hours for vacation and 160 hours for sick time based on their years of service. Upon separation from employment, only unused vacation time is paid to the employee. Accordingly, the School has made an accrual for vacation time compensation that employees have earned but not taken.

Revenue Sources

Student funding is provided by the State of Florida through the School Board of Miami-Dade County, Florida. Such funding is recorded as Full-Time Equivalent (FTE) nonspecific revenue. In accordance with the Charter Agreements, the School Board retains five percent as an administrative fee. This funding is received on a pro rata basis over the twelve month period and is adjusted for changes in full-time equivalent student population. After review and verification of FTE reports and supporting documentation, the Florida Department of Education may adjust subsequent fiscal period allocations of FTE funding for prior year's errors by its review as well as to prevent the statewide allocation from exceeding the amount authorized by the State Legislature. Normally, such adjustments are reported in the year the adjustments are made.

Income Taxes

The Organization, and therefore the School, is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public supported organization. It is subject to tax on income from any unrelated business income. There was no unrelated business income for the years ended June 30, 2017 or 2016.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2017 and 2016.

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
A Program of ASPIRA OF FLORIDA, INC.
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

I. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2014.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

Use of Estimates

The preparation of financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectability of receivables and the useful lives and impairment of tangible assets. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statement in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

II. TEMPORARILY RESTRICTED NET ASSETS

Capital Outlay Funds

During 2017 and 2016, the School Board received an additional \$195,417 and \$177,128, respectively, of Section 228.0561, F.S., Charter Schools Capital Outlay Funding from the State on behalf of the School. The funds have been deposited with the School Board and will be distributed once the School incurs expenses in accordance with approved Capital Outlay Plans by the School Board and follow other guidelines developed by the Florida Department of Education. As of June 30, 2017 and 2016, the School has recorded a receivable from the School Board of \$16,311 and \$14,077, respectively. In 2017 and 2016, the School released \$181,340 and \$157,916, respectively, from restrictions by incurring expenses in accordance with approved Capital Outlay Plans.

III. CAPITAL ASSETS

Capital assets consist of the following:

	June 30,	
	<u>2017</u>	<u>2016</u>
Buildings and building improvements	\$ 540,831	\$ 540,831
Leasehold improvements	282,858	220,588
Furniture and equipment	592,197	395,015
Textbooks	<u>495,559</u>	<u>412,491</u>
	1,911,445	1,568,925
Less: Accumulated depreciation	<u>(1,503,911)</u>	<u>(1,395,721)</u>
	<u>\$ 407,534</u>	<u>\$ 173,204</u>

Depreciation expense for the fiscal years ended June 30, 2017 and 2016 was \$108,189 and \$87,838, respectively.

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
A Program of ASPIRA OF FLORIDA, INC.
(a nonprofit organization)
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

IV. 403 (b) THRIFT RETIREMENT PLAN

Effective July 1, 1997, the Organization established a 403 (b) Thrift Retirement Plan (the "Plan") created in accordance with Internal Revenue Service Code Section 403(b) for all full-time employees of the Organization. Employees of the School are eligible to participate in the Plan. There is no minimum age or service requirements to contribute to the Plan and employees may contribute up to the maximum percentage allowable not to exceed annual limits established in the Internal Revenue Code. Employer contributions equal 100% of the first 2% of the participants' gross salary. To be eligible for employer contributions, the participant must be at least 21 years of age and have provided one year of service. Employer contributions are 100% vested upon the participant's 65th birthday, or if earlier, upon completion of a three year vesting period. As of June 30, 2017 and 2016, there were 14 and 12, employees from the School participating in the Plan. For the fiscal year ended June 30, 2017 and 2016, the School contributed approximately \$10,070 and \$10,300 to the Plan, respectively.

The Plan is held in a trust for the exclusive benefit of the participants and their beneficiaries, consequently, the School has no fiduciary responsibility therefore the net assets of the Plan are not included in the School's special purpose financial statements.

V. RELATED PARTY TRANSACTIONS

School Facilities Lease

In 2007, the School entered into a long-term operating lease for its facilities, with ASPIRA of Florida, Inc. The lease called for monthly rental payments of \$20,000 per month starting on July 1, 2006 through June 30, 2017. Effective January 1, 2009, the lease was amended and approximately 35,000 square feet was added to the School's facility for a total of 45,000 square feet. The monthly rental payments were increased to \$160,843 per quarter and extended to June 30, 2018. The School also has three ten year renewal options.

Rent expense paid to ASPIRA of Florida, Inc. totaled approximately \$643,000 for 2017 and 2016 and is included under "Operation of Plant" in the statement of activities.

The minimum future rentals to be paid by the School are as follows:

<u>June 30,</u> 2018	\$ 643,370
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VI. COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the School. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Revenue Bond Pledged Revenue

On December 15, 2016, ASPIRA of Florida, Inc. and one of its affiliates entered into an agreement with the Miami Dade County Industrial Development Authority, which provided for the issuance of \$21,485,000 2016 Series A revenue bonds and \$3,215,000 in Series B revenue bonds for a total of \$24,610,000 in Series 2016 A-B revenue bonds.

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2017 and 2016

VI. COMMITMENTS AND CONTINGENCIES (Continued)

Revenue Bond Pledged Revenue (Continued)

The debt related to the revenue bonds is secured by revenues pledged by all revenue sources, including revenues from the three charter schools that ASPIRA of Florida, Inc. operates, as well as any and all other interests in real or personal property, including all related additions.

The amounts are due in monthly installments ranging from approximately \$140,000 to \$160,000 at interest rates ranging from 5.75% to 6.625% and maturity dates ranging from November 1, 2027 to November 1, 2051. The total principal outstanding as of June 30, 2017 was approximately \$24,400,000. This amount is included in the complete ASPIRA of Florida, Inc. financial statements. For further details see the full ASPIRA of Florida, Inc. financial statements.

VII. RISK MANAGEMENT

Insurance for general liability and property coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage.

VIII. MANAGEMENT FEE

Pursuant to the Charter School contract with the School Board, the School Board is paid a management fee of 5% of the qualifying revenues of the School. For the fiscal years ended June 30, 2017 and 2016, management fees paid to the School Board amounted to \$81,617 and \$79,273; respectively.

IX. SUBSEQUENT EVENTS

Management evaluated subsequent events through June 19, 2018 the date that the special purpose financial statements were available to be published. No events were identified during this review of subsequent events that required adjustment to or disclosure within these special purpose financial statements.



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 and Officers of
ASPIRA of Florida, Inc.
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the special purpose financial statements of the ASPIRA Raul Arnaldo Martinez Charter School (the "School"), a program of ASPIRA of Florida, Inc. (a nonprofit organization) as of and for the fiscal year ended June 30, 2017, and the related notes to the special purpose financial statements, which collectively comprise the School's special purpose financial statements, and have issued our report thereon dated September 29, 2017, except for Note IX, as to which the date is June 19, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's special purpose 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2017-01.

School's Response to Finding

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 19, 2018



**MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors and Officers of
ASPIRA of Florida, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the special purpose financial statements of the ASPIRA Raul Arnaldo Martinez Charter School (the "School"), a program of ASPIRA of Florida, Inc., as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated September 29, 2017, except for Note IX, as to which the date is June 19, 2018.

Auditors' Responsibility

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

Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Governmental Auditing Standards* and the Schedule of Findings and Responses. Disclosures in that report and schedule, which are dated June 19, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is ASPIRA Raul Arnaldo Martinez Charter School, a program of ASPIRA of Florida, Inc.

Financial Condition

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School met one of the conditions described in Section 218.503(1), Florida Statutes Specifically the condition met was failure to transfer at the appropriate time due to lack of funds taxes withheld on the income of employees and employer and employee contributions for social security as described in item 2017-01 in the attached schedule of findings and responses.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment was performed as of the fiscal year end.

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Coral Gables, Florida
June 19, 2018

ASPIRA RAUL ARNALDO MARTINEZ CHARTER SCHOOL
A Program of ASPIRA OF FLORIDA, INC.
(a nonprofit organization)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

MATERIAL NONCOMPLIANCE

2017-01 Late Remittance of Employees' Withholding and Employer's Taxes

Criteria:

Employers must deposit federal income tax withheld and both the employer and employee social security and Medicare taxes to the Internal Revenue Service (IRS) when due.

Condition:

The ASPIRA of Florida, Inc. (the Organization) was late in depositing the federal income taxes withheld and the employer and employee social security and Medicare taxes to the IRS for the following quarters: September 2016, December 2016, March 2017, and December 2017.

Cause:

The Organization did not receive the corresponding earned funds on time due to fluctuations in the Organization's management causing them to delay payment.

Effect:

The Organization has been assessed penalties and interest by the IRS.

Recommendation:

We recommend that the Organization develop ways to manage its cash flow so that they are able to remain in compliance with payroll tax requirements.

Views of responsible officials and planned corrective action:

There was a lot of management turnover in the latter half of the fiscal year ending June 30, 2017. The Board appointed an Interim President and CEO in July 2017. As of January 2018, a new President and CEO was appointed and in February 2018, new finance personnel. As of the first quarter of 2018, updated budgets and cash flow procedures have been implemented and no late remittances of employee and employer taxes has occurred.