

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

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

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

JUNE 30, 2020

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2020**

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

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

**2019-2020**

**BOARD OF DIRECTORS**

Melanie Damian, President, Title Secretary  
Virginia Emmons, Title Director  
Tery Medina, Title Director  
Tom Culmo, Title Director  
Stuart Israelson, Director  
Dorothy Terrell, Director  
Carol Cope, Director  
Jason Bloch, Director  
Pat Gannon

**SCHOOL ADMINISTRATION**

Mrs. Kara A. Locke, Head of School



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of The Miami Boarding School, Inc. d/b/a The SEED School of Miami (the "School"), a charter school and a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and budgetary comparison information on pages 31 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2020

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

The discussion and analysis of The Miami Boarding School, Inc. d/b/a The Seed School of Miami (the "School") financial performance provides an overview of the School's financial activities for the Fiscal Year ended June 30, 2020.

**FINANCIAL HIGHLIGHTS**

1. The School had a change in net position of \$1,020,314 for the fiscal year end at June 30, 2020 and the School's net position was \$3,795,507.
2. At year-end, the School had current assets of \$1,620,712
3. The School had a fund balance at June 30, 2020 of \$1,039,366.

*Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2020 are presented in accordance with Governmental Accounting Standards Board ("GASB") Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

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

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

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

The government-wide financial statements can be found on pages 15-16 of this report.

*Fund Financial Statements*

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

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

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

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 17-20 of this report.

#### *Notes to Financial Statements*

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

The notes to the financial statements can be found on pages 21-30 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. Below is a summary of the School's net position as of June 30, 2020 and 2019:

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Cash	\$ 1,447,373	\$ 234,940
Accounts receivables	173,339	200,000
Prepaid expenses	-	108,649
Deposits receivable and other assets	-	87,000
Deposits held in escrow	3,240,000	2,000,000
Capital assets, net	8,883,338	5,954,796
<b>Total Assets</b>	<b>\$13,744,050</b>	<b>\$8,585,385</b>
<b>Liabilities and Net Position</b>		
Accounts payable and accrued expenses	\$ 538,067	\$ 236,670
Due to The SEED Foundation	43,279	48,636
Long-term debt	9,367,197	5,524,886
<b>Total Liabilities</b>	<b>9,948,543</b>	<b>5,810,192</b>
Net investment in capital assets, net of related debt	3,881,141	2,429,910
Deficit in unrestricted	(85,634)	345,283
<b>Total Net Position</b>	<b>3,795,507</b>	<b>2,775,193</b>
<b>Total Liabilities and Net Position</b>	<b>\$13,744,050</b>	<b>\$8,585,385</b>

Below is a summary and analysis of the School's revenues and expenses for the year ended June 30, 2020 and 2019:

<b>REVENUES</b>	<u>2020</u>	<u>2019</u>
Program revenues		
Contributions and other grants	\$ 1,733,341	\$ 1,573,944
Other miscellaneous state revenues	8,626,762	7,245,529
General revenues		
FEFP nonspecific revenue	1,805,446	1,814,343
Other income	32,079	84,467
Total revenues	<u>12,197,628</u>	<u>10,718,283</u>
 <b>EXPENSES</b>		
Instruction	2,364,249	2,042,876
Instructional support services	2,827,767	2,622,181
School administration	514,642	457,884
Fiscal services	974,910	1,025,395
Food services	335,088	412,320
Pupil transportation services	526,787	464,273
Operation of plant	2,559,863	2,605,129
Administrative technology services	185,756	184,553
Maintenance of plant	283,490	113,149
Central services	426,751	379,967
Interest expense	2,483	6,708
Depreciation expense	175,528	157,991
Total Expenses	<u>11,177,314</u>	<u>10,472,426</u>
 Change in Net Position	1,020,314	245,857
 <b>Net Position at Beginning of Year</b>	<u>2,775,193</u>	<u>2,529,336</u>
<b>Net Position at End of Year</b>	<u>\$ 3,795,507</u>	<u>\$ 2,775,193</u>

## ACCOMPLISHMENTS

### 2019-2020 School Year Programmatic Overview

The SEED School of Miami engaged in its sixth year of operation during the 2019-2020 school year serving students in grades 6-11, thanks to our partners at The SEED Foundation, the Florida Department of Education Office of Independent Education, and Parental Choice, Miami-Dade County Public Schools, and a host of community supporters. Our student body represented a number of South Florida communities including those in Miami-Dade, Broward, Collier, Palm Beach, and St. Lucie counties, as well as a range of cultural and linguistic backgrounds.



The 2019-2020 school year was an unprecedented one for all schools as educators and leaders shifted learning online in mid-March in response to the Covid-19 pandemic. The incredible staff at SEED Miami exercised flexibility, resilience, and creativity as we nimbly shifted our 24-hour programs and services from our academic and dormitory buildings to virtual platforms. During the building closure we were committed to ensuring that our children and families – among those most vulnerable – were supported beyond academics. Food support, mental health services, technology and connectivity hardware, school supplies, books, and therapeutic art materials were among the long list of items and services that our team deployed to the households of our scholars. This multipronged support plan ensured that our scholars had basic necessities met and could therefore access academic learning each day.

As we navigated such change and challenge, our staff and students showed tremendous resilience and commitment to our mission of preparing our students for college success. They continued an aggressive pursuit of our annual goals through differentiated and data-driven instruction that purposefully targeted the needs of each individual learner. Programs such as H.A.L.L.S. (Habits for Achieving Lifelong Success) provided additional time for students to further enhance their academic and social skills development. Using the gift of time provided by our 24-hour model, students were also exposed to a wide expanse of extracurricular activities and opportunities to grow and learn on field trips in the local community.

### **2019-2020 Programmatic Accomplishments**

We are proud to report that SEED Miami met and exceeded the student enrollment targets in all three benchmark periods of the school year and 92% of SEED students who were enrolled in June 2020 re-enrolled in the school for the 2020 – 2021 school year.

SEED's unique, 24-hour boarding model yielded an extremely high average daily attendance rate of 94.4% between August 2019 and March 2020. Attendance at SEED Miami is measured on both Sunday through Friday and Monday through Friday basis. SEED Miami's 24-hour program helps eliminate access issues to education and provides extensive transportation support to families regardless of geographic location.

A majority of scholars enter SEED Miami reading below grade level. However, through our intentional design of literacy instruction and culture, our students are achieving and even exceeding their grade-level readiness. SEED attributes the success of our reading and writing scores to our dedicated staff, students participating in separate reading and writing courses, and DEAR (Drop Everything And Read). DEAR requires students read a minimum of 30 minutes per day. At the beginning of the 2019-2020 school year, only 31% of 6th grade students were reading at or above grade level. As of February 2020, 52% of 6th grade students were reading at or above grade level. This represents an average increase of 1.02 grade levels in reading between August 2019 and February 2020. Additionally, as of February 2020, 69% of 8th grade students were reading at or above grade level, compared to only 39% at the beginning of the 2019-2020 school year. This represents an average increase of 1.16 grade levels in reading between August 2019 and February 2020. Throughout SEED's middle school program, the reading level gap is gradually closed and a majority of students enter high school reading at or above grade level. Supporting data is included at the close of this summary and illustrates grade level reading growth.

In our dorms, programs such as H.A.L.L.S. provided additional time for students to further enhance their academic and social skills development. Students were also exposed to a wide expanse of extracurricular activities and opportunities to grow and learn on field trips in the local community.

In addition to these performance indicators, SEED Miami is pleased to highlight the following 2019-2020 accomplishments:

- In the summer of 2019, we welcomed our Founding College Counselor to our staff. The College Counselor spearheaded AP coursework, college-campus exposure opportunities locally and nationally, ACT prep classes, financial literacy workshops, college matching, and more. All high school scholars are enrolled in the FloridaShines and Naviance programs.
- Through a generous introduction by Turnberry Associates and Aventura Mall, we partnered with Microsoft where our scholars have learned coding, and met with various employees to explore career paths in tech. Most recently, they donated thousands of dollars in gaming and technology equipment where our founding technology professor can utilize to teach app and website design, coding, and more.
- High school students were able to select from a variety of afterschool activities including swimming, soccer, track and field, volleyball, Student Government, cheerleading, strength and conditioning, and mock trial. Middle school students were offered activities including board game club, golf, tennis, basketball, Robotics, science and art clubs.
- Student Data Days were introduced as recurring events during which students learned the skill of analyzing their academic data and planning for continuous improvement over time. High School scholars attended sessions in which they reviewed their grades, FSA scores, and graduation trajectory data. Students wrote action plans detailing proactive steps that they will take based on their data analysis to ensure their successful completion of high school. The successful day was also replicated with middle school students.
- SEED Miami staff attended the National ASCD Empower Conference in Chicago, the regional ASCD Conference in Orlando on Building Resilient Schools, Columbia University Teacher's College Writers Workshop Institute, and the Columbia University Teacher Leadership for Culturally Relevant Schools Institute.
- Our Mental Health Counselors hosted a pre-teaching exercise about "acts of kindness" and "giving back to your community" in advance of a unique project with the children and adults at the Special Olympics Golf Tournament. Our young men shared their SEED pride and spirit of encouragement, leadership, and compassion with others during this fun volunteer experience. Our scholars were able to internalize the SEED Core Value of compassion for self, and compassion for others.
- Additional therapeutic experiences beyond SEED included a unique, volunteer experience at South Florida Animal Rescue Network (SFARN) where our scholars had the opportunity to work with rescue horses, and spend one-on-one time with the horses where they made special connections with these gentle giants. These meaningful projects reinforce our commitment to the "24 hours to Grow" model and the value of community partners on our SEED community.
- A tenth grade top student was honored as a Carson Scholar. The Fund awards \$1,000 college scholarships to students who have accomplished academic excellence and demonstrated a commitment to serving the community. This student is the second SEED scholar to be honored by this program.

## Student Demographics

SEED Miami was established to serve students who would benefit most from a 24-hour learning environment. As outlined in Florida legislation, an eligible SEED Miami student will come from a family whose income is below 200 percent of the federal poverty guidelines, and will meet at least one of the below four additional risk factors:

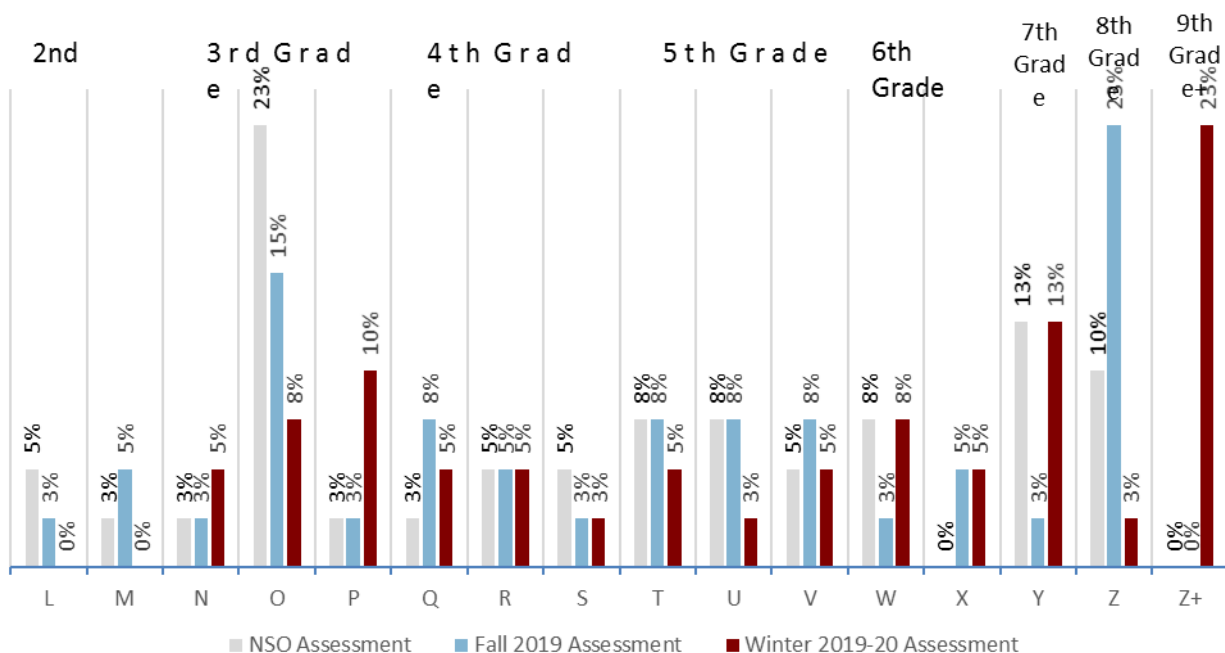
- Covered under the terms of the state's Child Welfare Waiver Demonstration project.
- The child is in foster care or has been declared an adjudicated dependent by a court.
- The student's head of household is not the student's custodial parent.
- The student resides in a household that receives a housing voucher or has been determined eligible for public housing assistance.
- A member of the student's immediate family has been incarcerated.

## Fountas & Pinnell (F&P) Reading Level Assessment Data, 2019 – 2020 School Year

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

The graphs below show the Reading level growth by grade of 138 SEED students who were present for at least three consecutive F&P assessments and therefore were active students at SEED for a majority of the school year. The maroon bars displayed represent the students' reading levels as of the February 2020 Winter Assessment.

6th Grade Fountas & Pinnell Reading Levels Across Three Interim Assessments for the 2019-2020 SY  
**51% of seventh graders are reading at a Level Y or higher, as determined by the Winter assessment.**



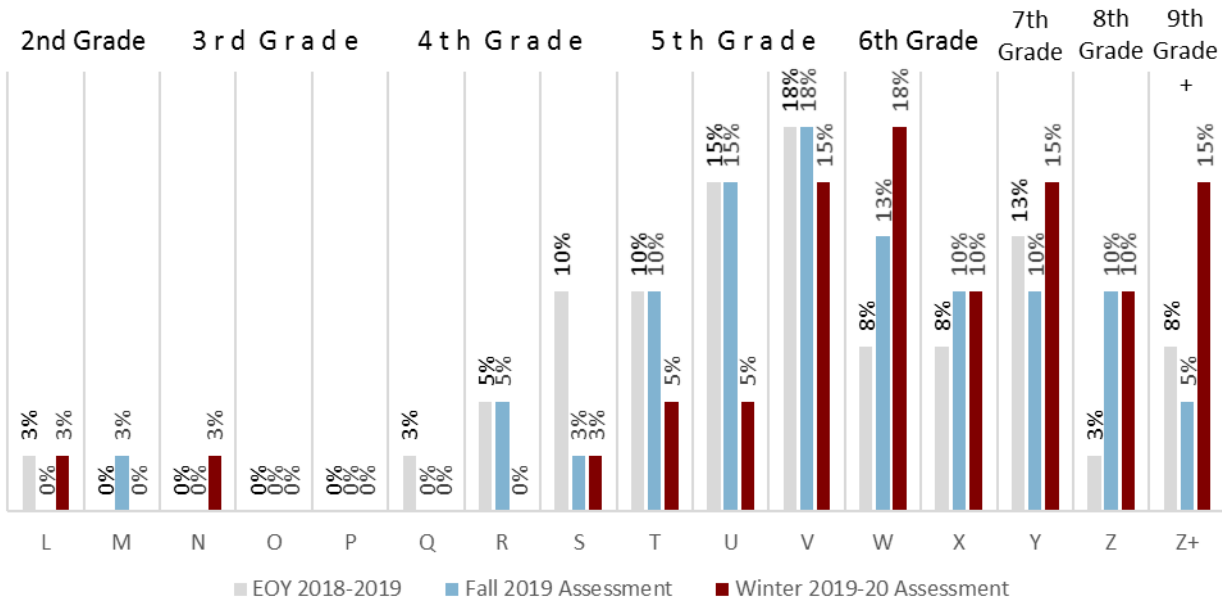
### Trends and Implications

- **51% of 6th grade students** are currently reading at or above grade level. Only 31% of 6th grade students were reading at or above grade level when the school year began.
- Sixth grade students increased an average of 1.02 grade levels in reading between summer 2019 and winter 2020 during the 2019 – 2020 school year.



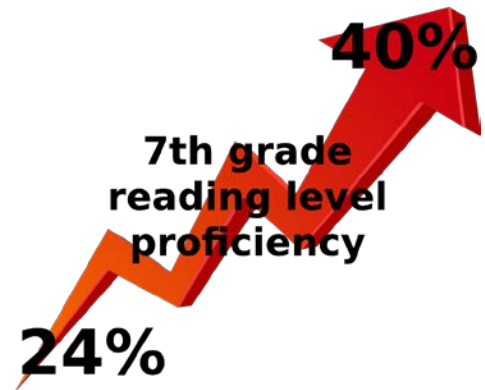
7th Grade Fountas & Pinnell Reading Levels Across Three Interim Assessments for the 2019-2020 SY

**Actual: 40% of seventh graders are reading at a Level Y or higher, as determined by the Winter assessment.**

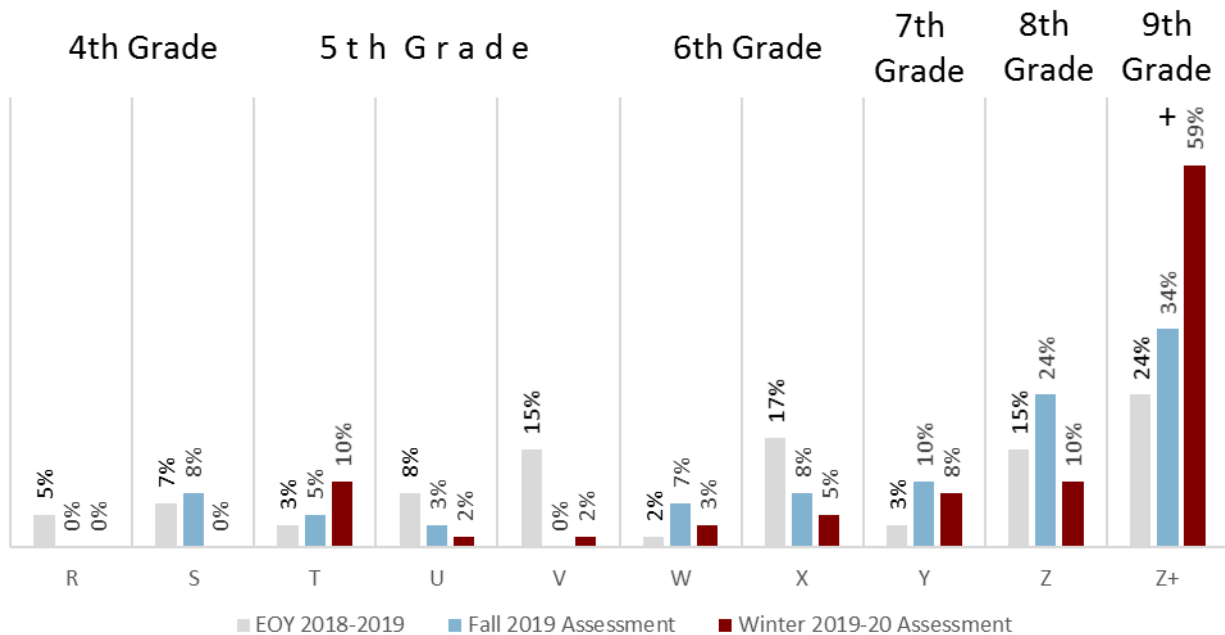


### Trends and Implications

- **40% of 7th grade students** are currently reading at or above grade level. Only 24% of 7th grade students were reading at or above grade level when the school year began.
- Seventh grade students increased an average of 0.70 grade levels in reading between summer 2019 and winter 2020 during the 2019 – 2020 school year.



8th Grade Fountas & Pinnell Reading Levels Across Three Interim Assessments for the 2019-2020 SY  
**Actual: 69% of seventh graders are reading at a Level Y or higher, as determined by the Winter assessment.**



### Trends and Implications

- **69% of 8th grade students** are currently reading at or above grade level. Only 39% of 8th grade students were reading at or above grade level when the school year began.
- Eighth grade students increased an average of 1.16 grade levels in reading between summer 2019 and winter 2020 during the 2019 – 2020 school year.
- Over time, as more students reach grade level proficiency and as text complexity rises, the rate of average growth is expected to taper off.
- **SEED Miami met and exceeded one target for FLDOE Goal #3 – Reading Level Growth.**



## 24-HOUR VIRTUAL LEARNING HIGHLIGHT: TUSKEGEE UNIVERSITY HOUSE



In his role as Student Life Counselor for the young men of the Tuskegee University House, Edward Cody knows about the importance of relationship building in motivating and supporting his 10th grade scholars. Transferring this work to a virtual setting is a whole new world for him and the boys, and a challenge he has readily accepted.

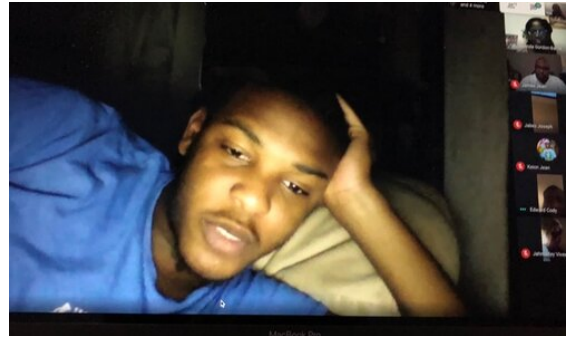
Typically, Mr. Cody is with his students at SEED's dorm from 4pm – 12am overseeing Study Hall, Sparks (clubs), dinner, House meetings, and his character development course – HALLS (Habits for Achieving Life Long Success). Now that SEED's academic AND student life program is virtual, he connects with his scholars as a group in daily House meetings, and individually in one-on-one phone calls.

“The biggest challenge is not seeing my boys every day and continuing to have the “family dynamic” of our House when we are not together. I’ve been calling my boys every day and looking for ways to have fun and remind them that I have not forgotten them and care about all of them no matter what.”

Last Thursday evening, at 7:30pm, the Tuskegee House young men each logged in to their virtual learning platform for the daily House Meeting with Mr. Cody. They were joined by other members of the SEED staff including a Mental Health Counselor, Head of School, Assistant Dean of School Culture, and Director of Student Life. One-by-one, the boys joined the hangout by video, each dressed comfortably in-home attire, happy to see one another, and ready to engage in the group conversation.

It began with motivation and reminders. Mr. Cody – having reviewed the work completion log being used by all SEED Miami staff to track student progress – began with the positive. “Gentlemen, I loved seeing that a few of you who weren’t getting work done earlier in the week have picked it up.” A few individual shout outs to students followed, those students earning top praise popping collars, brushing shoulders, and proudly accepting the feedback. Others received firm, but loving, prompts. Reminders that they are capable of excellence and need to demonstrate better effort and work ethic. All of the feedback ended in support. “You all know I am here, let me know how I can help.”

After the reminders, the meeting shifted. Each young man was requested to share with the group. First, what had they learned about COVID-19 in their research, how are they (and their families) doing, and lastly, their metaphor for the upcoming POL (Presentation of Learning). Students shared what they are enjoying about virtual learning (often, completing work whenever they like) and what was challenging (also, completing work whenever they like!)



Most mentioned missing friends, staff, and daily structure. Boredom and balance were also themes. As the meeting drew to a close, Mr. Cody announced his upcoming incentive initiative – students who met certain work completion benchmarks would be earning virtual game credits and/ or gift cards to mark their success. He also announced an upcoming Netflix Party, a chance for them to all log on together to watch a movie and have discussion.

Mr. Cody's session had all of the characteristics of a hallmark SEED Miami House Meeting: high expectations, care, concern, challenges, and solutions. It exemplified the connections and care that bring together a group of 10th grade boys at a time that most high-school students may prefer to be elsewhere.

**As we work to provide our 24-hour services and model to a virtual setting at The SEED School of Miami, the meeting was a clear reminder of the importance of wraparound support and the value of SEED's student life program and staff. No matter the platform, the relationships within our community persevere and leverage outcomes for our phenomenal students.**

## **REQUESTS FOR INFORMATION**

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Mrs. Kara Locke, Head of School.

## **SCHOOL LOCATION**

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

## **CAPITAL IMPROVEMENT REQUIREMENT**

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

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

As noted earlier, the School uses fund accounting to comply with finance-related legal requirements.

## **GOVERNMENTAL FUNDS**

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

At the end of the fiscal year, the School's sixth year of operations, the School's governmental funds reported an increase of \$694,083 in fund balance and had an ending fund balance of \$1,039,366.

## **CAPITAL ASSETS**

The School's investment in capital assets, as of June 30, 2020, amounts to \$8,883,338 (net of accumulated depreciation). This investment in capital assets includes construction in progress of new modular, furniture, equipment and motor vehicles.

## **CONSTRUCTION NOTE PAYABLE**

In December 2018, the School obtained a construction promissory note payable for an amount up to \$9,066,372 for the construction of the mobile and modular facilities. The entire principal and any interest accrued outstanding will be due on December 3, 2025. The loan is collateralized by the mobile and modular facilities. The balance at June 30, 2020, was \$4,996,694.

## **NOTE PAYABLE**

The School received loan proceeds of \$1,125,000 through the Paycheck Protection Program ("PPP"). The loan proceeds are to be used for payroll, rent, utilities and interest expense. The loan matures April 17, 2022 and bears annual interest at 1%. The loan is payable monthly with a deferral of payments for the first twelve months. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes as noted above.

## **BUDGETARY HIGHLIGHTS**

The general fund and special revenue fund budget for the fiscal year ended June 30, 2020, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the School may revise the final budget. For the fiscal year ended June 30, 2020, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedules on pages 31 to 33 for additional information.



**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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	Governmental Activities
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 1,447,373
Accounts receivables	173,339
<b>TOTAL CURRENT ASSETS</b>	<u>1,620,712</u>
<b>CAPITAL ASSETS</b>	
Furniture and equipment	601,082
Less accumulated depreciation	(399,986)
Motor vehicles	82,294
Less accumulated depreciation	(82,294)
Construction in progress	8,682,242
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>8,883,338</u>
Deposits held in escrow	<u>3,240,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 13,744,050</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 538,067
Due to The SEED Foundation	43,279
Loan payable - The SEED Foundation	3,240,000
Capital lease payable - current portion	5,503
<b>TOTAL CURRENT LIABILITIES</b>	<u>3,826,849</u>
Note payable - long term portion	1,125,000
Construction note payable - long term portion	4,996,694
<b>TOTAL LIABILITIES</b>	<u>9,948,543</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	3,881,141
Deficit in unrestricted	(85,634)
<b>TOTAL NET POSITION</b>	<u>3,795,507</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 13,744,050</u></u>

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

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 2,364,249	\$ -	\$ 153,302	\$ -	\$ (2,210,947)
Instructional support services	2,827,767	-	-	-	(2,827,767)
School administration	514,642	-	-	-	(514,642)
Fiscal services	974,910	-	-	-	(974,910)
Food services	335,088	-	-	-	(335,088)
Pupil transportation services	526,787	-	-	-	(526,787)
Operation of plant	2,559,863	-	-	-	(2,559,863)
Maintenance of plant	283,490	-	-	-	(283,490)
Administrative technology services	185,756	-	-	-	(185,756)
Central services	426,751	-	-	-	(426,751)
Interest expense	2,483	-	-	-	(2,483)
Depreciation expense	175,528	-	-	-	(175,528)
<b>Total Governmental Activities</b>	<b>\$ 11,177,314</b>	<b>\$ -</b>	<b>\$ 153,302</b>	<b>\$ -</b>	<b>\$ (11,024,012)</b>

**GENERAL REVENUES:**

Grants and contributions not restricted to specific program	\$ 1,580,039
Other miscellaneous state revenues	8,626,762
Revenues from state sources	1,805,446
Interest and other revenue	32,079
<b>Total general revenues</b>	<b>12,044,326</b>

Change in Net Position 1,020,314

NET POSITION - BEGINNING 2,775,193

NET POSITION - ENDING \$ 3,795,507

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

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

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	Governmental Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,447,373	\$ -	\$ -	\$ 1,447,373
Accounts receivables	173,339	-	-	173,339
<b>TOTAL ASSETS</b>	<u>\$ 1,620,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,620,712</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	538,067	-	-	538,067
Due to The SEED Foundation	43,279	-	-	43,279
<b>TOTAL LIABILITIES</b>	<u>581,346</u>	<u>-</u>	<u>-</u>	<u>581,346</u>
<b>FUND BALANCE</b>				
Nonspendable				
Deposit receivable and other assets	-	-	-	-
Unassigned	1,039,366	-	-	1,039,366
<b>TOTAL FUND BALANCE</b>	<u>1,039,366</u>	<u>-</u>	<u>-</u>	<u>1,039,366</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,620,712</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,620,712</u>

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

**THE MIAMI BOARDING SCHOOL, INC.**

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

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

**JUNE 30, 2020**

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Total Fund Balance - Governmental Funds	\$ 1,039,366
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital assets	9,365,618
Accumulated depreciation	(482,280)

Other assets held for construction	3,240,000
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Note payable	(1,125,000)
Capital lease payable	(5,503)
Loan payable-The SEED Foundation	(3,240,000)
Loan payable	(4,996,694)

Total Net Position - Governmental Activities	<u>\$ 3,795,507</u>
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The accompanying notes are an integral part of this financial statement.

**THE MIAMI BOARDING SCHOOL, INC.****d/b/a THE SEED SCHOOL OF MIAMI****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Revenue from state sources	\$ 1,805,446	\$ -	\$ 1,805,446
Contributions and other grants	1,580,039	-	1,580,039
Other miscellaneous state revenues	8,626,762	-	8,626,762
Federal through state and local	-	153,302	153,302
Interest and other income	32,079	-	32,079
<b>TOTAL REVENUES</b>	<b>12,044,326</b>	<b>153,302</b>	<b>12,197,628</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instruction	2,210,947	153,302	2,364,249
Instructional support services	2,827,767	-	2,827,767
School administration	514,642	-	514,642
Facilities acquisition and construction	2,740,156	-	2,740,156
Fiscal services	974,910	-	974,910
Food services	335,088	-	335,088
Pupil transportation services	526,787	-	526,787
Operation of plant	2,559,863	-	2,559,863
Administrative technology services	185,756	-	185,756
Central services	426,751	-	426,751
Maintenance of plant	283,490	-	283,490
<b>Capital Outlay:</b>			
Other capital outlay	65,038	-	65,038
<b>Debt Service:</b>			
Redemption of principal	70,101	-	70,101
Interest	301,359	-	301,359
<b>TOTAL EXPENDITURES</b>	<b>14,022,655</b>	<b>153,302</b>	<b>14,175,957</b>
Excess of expenditures over revenues	(1,978,329)	-	(1,978,329)
<b>OTHER FINANCING SOURCES</b>			
Proceeds from long-term financing	3,912,412	-	3,912,412
Payments to Miami-Dade County School Board	(1,240,000)	-	(1,240,000)
Total other financing sources	2,672,412	-	2,672,412
Net change in fund balance	694,083	-	694,083
Fund balance at beginning of year	345,283	-	345,283
Fund balance at end of year	<u>\$ 1,039,366</u>	<u>\$ -</u>	<u>\$ 1,039,366</u>

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

**THE MIAMI BOARDING SCHOOL, INC.**

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

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Change in Fund Balance - Governmental Funds	\$ 694,083
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	3,104,070
Depreciation expense	(175,528)

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Repayments of principal	70,101
Proceeds from financing	(2,672,412)

Change in Net Position of Governmental Activities	<u>\$ 1,020,314</u>
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The accompanying notes are an integral part of this financial statement.

**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

The Miami Boarding School, Inc. d/b/a The Seed School of Miami, (the “School”) is a charter school sponsored by the School Board of Miami-Dade County, Florida (the “District”). The School’s charter is held by The Miami Boarding School, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors, which is comprised of ten members.

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

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida (the “School Board”). The current charter is effective until June 30, 2021. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed for up to an additional 5 years by mutual agreement. These financial statements are for the year ended June 30, 2020, the School’s sixth operating school year, when approximately 260 students were enrolled in the 6<sup>th</sup> through 10<sup>th</sup> grade.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

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

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

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Financial Statements*

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

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

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

**Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay). Any revisions to the annual budget are approved by the Board.

**Cash and Cash Equivalents**

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



**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable

Accounts receivable consists of amounts due from contributions and donations.

Due from Other Agencies

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

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	3 Years
Motor vehicles	5 Years

Compensated Absences

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

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

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

Government-wide Fund Net Position

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

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2020, was \$3,881,141.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2020 was \$0.
- Unrestricted – all other net position is reported in this category.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2020, the School had \$0 in nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2020, the School had \$0 restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2020, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2020, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, and committed fund balance at the end of the fiscal year by adjusting journal entries. First, non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2020, there are no minimum fund balance requirements for any of the School’s funds.

Revenue Sources

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

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

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes

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

Use of Estimates

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

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 14, 2020, which is the date the financial statements were available to be issued.

**NOTE 3 – CAPITAL ASSETS**

The following schedule provides a summary of changes in capital assets, acquired partly with public funds, for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets				
Furniture and equipment	\$ 536,044	\$ 65,038	\$ -	\$ 601,082
Motor vehicles	82,294	-	-	82,294
Construction in progress	5,643,210	3,039,032	-	8,682,242
Total Capital Assets	6,261,548	3,104,070	-	9,365,618
Less Accumulated Depreciation				
Furniture and equipment	(231,098)	(168,888)	-	(399,986)
Motor vehicles	(75,654)	(6,640)	-	(82,294)
Total Accumulated Depreciation	(306,752)	(175,528)	-	(482,280)
Capital Assets, net	\$ 5,954,796	\$ 2,928,542	\$ -	\$ 8,883,338

Depreciation expense for the year ended June 30, 2020, was \$175,528 and was allocated to fiscal services. In 2017, the School entered into three separate contracts to build mobile and modular facilities at its campus. The approximate total of these signed contracts with change orders is approximately \$14,100,000. As of June 30, 2020, there were \$8,682,242, related to these costs included in construction in progress (See Notes 4 through 6).

**NOTE 4 – DEPOSITS HELD IN ESCROW**

The School entered into an escrow agreement with the District during the year ended June 30, 2019. The purpose of the escrow is to ensure sufficient funding for the design and construction services as set forth in the agreement between the School and the District for the construction of the mobile and modular facilities at the campus. For the year ended June 30, 2020, the School had transferred through an agreement with the Foundation \$3,240,000. (See Note 5).

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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

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

The following schedule provides a summary of changes for the year ended June 30, 2020:

	Balance			Balance
	July 1, 2019	Additions	Repayments	June 30, 2020
Loan payable	\$ 2,000,000	\$ 1,240,000	\$ -	\$ 3,240,000

Future maturities are as follows:

	<u>Year Ended June 30</u>
2021	<u>3,240,000</u>
Total	<u>\$ 3,240,000</u>

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

In December 2018, the School obtained a construction promissory note payable for an amount up to \$9,066,372 for the construction of the mobile and modular facilities. During the draw period, the interest rate shall be equal to The Wall Street Journal Prime Rate plus 1.00% (4.25% at June 30, 2020). Upon the expiration of the draw period, the interest rate shall be adjusted to a fixed rate equal to the then 5-year treasury rate plus 3.10% through the maturity date on December 3, 2025. During the draw period the loan requires monthly payments of interest only. Commencing on the month after the expiration of the draw period the loan requires monthly payments of principal and interest over a 15-year amortization. The entire principal and any interest accrued outstanding will be due on December 3, 2025. The loan is collateralized by the mobile and modular facilities. The balance at June 30, 2020, was \$4,996,694. The School was in compliance with a debt service coverage ratio of no less than 1.00x.

The following schedule provides a summary of changes for the year ended June 30, 2020:

	Balance			Balance
	July 1, 2019	Additions	Repayments	June 30, 2020
Loan payable	\$ 3,449,282	\$ 1,547,412	\$ -	\$ 4,996,694

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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NOTE 6 – CONSTRUCTION NOTE PAYABLE TO FINANCIAL INSTITUTION (Continued)  
Future maturities are as follows:

<u>Year Ended June 30,</u>	
2021	-
2022	-
2023	-
2024-2025	<u>4,996,694</u>
Total	<u>\$ 4,996,694</u>

NOTE 7 – NOTE PAYABLE

The School received loan proceeds of \$1,125,000 through the Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, utilities and interest expense. The loan matures April 17, 2022 and bears annual interest at 1%. The loan is payable monthly with a deferral of payments for the first twelve months. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes as noted above. Below is a summary of changes for the year ended June 30, 2020:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Repayments</u>	<u>June 30, 2020</u>
Note payable	\$ -	\$ 1,125,000	\$ -	\$ 1,125,000

Future maturities are as follows:

<u>Year Ended June 30</u>	
2021	\$ -
2022	<u>1,125,000</u>
Total	<u>\$ 1,125,000</u>

NOTE 8 – FINANCED NOTE PAYABLE

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

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Repayments</u>	<u>June 30, 2020</u>
Financed loan payable	\$ 5,824	\$ -	\$ (5,824)	\$ -

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 9 – CAPITAL LEASE PAYABLE**

The School leases equipment under a capital lease expiring in 2021. As of June 30, 2020, the leased equipment are reflected at a cost of \$125,949 and related accumulated depreciation of \$84,316. The leases require monthly payments of principal and interest totaling \$5,525 at an interest rate of 5.00% per annum.

Future minimum payments under the capital leases as of June 30, 2020 are as follows:

Year Ended June 30,	
2021	5,526
Total minimum lease payments:	5,526
Interest	(23)
Present value of net minimum lease payments	5,503
Obligations under capital lease- current portion	(5,503)
Obligations under capital lease- long-term portion	\$ -

**NOTE 10 – DUE TO THE SEED FOUNDATION AND RELATED PARTIES**

The School was opened and is supported by the Foundation, a non-for-profit corporation that opened two similar schools in Washington D.C. and Maryland. The School entered into an Academic and Management agreement on February 1, 2014 with the Foundation. In accordance with the agreement, the Foundation will provide amongst other things curriculum development, staffing, guidance in finding adequate facilities or completion of construction and renovations, if any, preparation of annual budgets and monthly financial statements, human resource, information technology, and student recruitment. For the services included in the agreement, the School agrees to pay a management fee equal to 5% of the School's annual approved expense budget. For the year ended June 30, 2020, the School was charged management fees of \$511,385. The initial term of this agreement is for five years from the effective date. It can be renewed for an additional five years following the initial term if approved by each party. During the year ended June 30, 2020, the Foundation provided revenue support of \$370,131 and is included in contributions and other grants on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance. The amount due to The SEED Foundation at June 30, 2020 was \$43,279.

The SEED School of Miami Foundation, LLC (the "LLC") is a limited liability company for the purpose of serving educational and charitable purposes. The LLC qualifies as a disregarded entity within Section 501(c)(3) of the Internal Revenue Code by virtue of its relationship with its single member The SEED Foundation, Inc. During the year ended June 30, 2020, the LLC contributed approximately \$335,000. At June 30, 2020, no amounts were owed to the School.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

In October 2017, the School entered into a building lease agreement for the utilization of rooms in a hotel for the housing of the School's students. The initial agreement was from October 10, 2017 through June 30, 2018; however, it was extended through May 31, 2020. The monthly payment is \$83,500 per month. The contract was terminated during the year.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)**

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

For the year ended June 30, 2020, the monthly payment for these costs was \$23,663. The total amount paid for the year ended June 30, 2020 was \$364,779.

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

<u>Year Ended June 30</u>	
2021	\$ 309,547
2022	309,547
2023	309,547
2024	309,547
2025-2029	<u>1,547,734</u>
Total	<u>\$ 2,785,922</u>

**NOTE 12 – DEPOSITS POLICY AND CREDIT RISK**

It is the School's policy to maintain its cash and cash equivalents in one financial institution. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. Bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2020, bank balances in potential excess of FDIC coverage was \$1,258,029.

**NOTE 13 – RETIREMENT PLAN**

The School started a 403(B) Retirement Plan (the "Plan") during the year ended June 30, 2015. Employees of the School are eligible to join the Plan once employed by the School on the first day of the following month hired. The School, at its discretion, may elect to match part of employee contributions based on salary deferrals and pay as of the end of the pay period. Employer contributions can change annually; however, all contributions made by employees and by the School are 100% vested at the time of contribution. The School contributed \$184,106, or 3% of eligible employee wages plus 50% of employee contributions up to 6% for the year ended June 30, 2020.

**NOTE 14 – GRANTS**

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

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 15 – RISK MANAGEMENT**

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

**NOTE 16 – SUBSEQUENT EVENTS**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the School, its performance, and its financial results.



## REQUIRED SUPPLEMENTAL INFORMATION

**THE MIAMI BOARDING SCHOOL, INC.  
D/B/A THE SEED SCHOOL OF MIAMI  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Revenue from state sources	\$ 1,950,361	\$ 1,805,446	\$ 1,805,446
Contributions and other grants	1,500,123	1,580,039	1,580,039
Other miscellaneous state revenues	8,749,834	8,626,762	8,626,762
Other income	-	32,079	32,079
<b>TOTAL REVENUES</b>	<b>12,200,318</b>	<b>12,044,326</b>	<b>12,044,326</b>
<b>EXPENDITURES</b>			
Instruction	2,701,648	2,210,947	2,210,947
Instructional support services	2,648,689	2,827,767	2,827,767
Facilities acquisition and construction	100,000	2,740,156	2,740,156
School administration	864,893	514,642	514,642
Fiscal services	673,726	974,910	974,910
Food services	425,000	335,088	335,088
Pupil transportation services	400,000	526,787	526,787
Operation of plant	504,351	2,559,863	2,559,863
Administrative technology services	381,900	185,756	185,756
Central services	504,351	426,751	426,751
Maintenance of plant	483,081	283,490	283,490
Debt service	-	371,460	371,460
Other capital outlay	-	65,038	65,038
<b>TOTAL EXPENDITURES</b>	<b>9,687,639</b>	<b>14,022,655</b>	<b>14,022,655</b>
Change in fund balance before other financing sources	2,512,679	(1,978,329)	(1,978,329)
Other financing sources	-	2,672,412	2,672,412
Net change in fund balance	<u>\$ 2,512,679</u>	<u>\$ 694,083</u>	<u>\$ 694,083</u>

See accompanying note to the required supplemental information.

**THE MIAMI BOARDING SCHOOL, INC.  
D/B/A THE SEED SCHOOL OF MIAMI  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL – SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

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	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal through state and local	\$ 183,057	\$ 153,302	\$ 153,302
TOTAL REVENUES	183,057	153,302	153,302
EXPENDITURES			
Instruction	183,057	153,302	153,302
TOTAL EXPENDITURES	183,057	153,302	153,302
Net change in fund balance	\$ -	\$ -	\$ -

See accompanying note to the required supplemental information.

**THE MIAMI BOARDING SCHOOL, INC.  
D/B/A THE SEED SCHOOL OF MIAMI  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  
AND ACTUAL – CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

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	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ -	\$ -	\$ -
TOTAL REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Operation of plant	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -

See accompanying note to the required supplemental information.

**THE MIAMI BOARDING SCHOOL, INC.  
D/B/A THE SEED SCHOOL OF MIAMI  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE A – BUDGETARY INFORMATION**

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2020, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of The Miami Boarding School, Inc. d/b/a The Seed School of Miami (the "School"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 14, 2020.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

A handwritten signature in dark ink, reading "Verdeja DeArmas Trujillo". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2020



## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of The Miami Boarding School, Inc. d/b/a The Seed School of Miami (the "School"), a non-major component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated September 14, 2020.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 14, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title

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



## **Financial Condition and Management**

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2020 is not deteriorating.

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

## **Transparency**

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

## **Additional Matters**

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

## **Purpose of this Letter**

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2020