

MEMORANDUM


IRM-C/2012-2013/M175
January 23, 2013

TO: Mr. Jose Montes de Oca, Chief Auditor
Auditor and Investigative Affairs

FROM: Iraida Mendez-Cartaya, Assistant Superintendent
Office of Intergovernmental Affairs, Grants Administration, and
Community Engagement

**SUBJECT: THE FOUNDATION FOR NEW EDUCATION INITIATIVES, INC. – AUDIT
FINDINGS**

Enclosed please find a copy of the audit conducted by C. Borders-Byrd, CPA, LLC for The Foundation for New Education Initiatives, Inc., for the period of July 1, 2011 through June 30, 2012. Should you have any questions, please contact me at 305 995-1497.



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Attachments

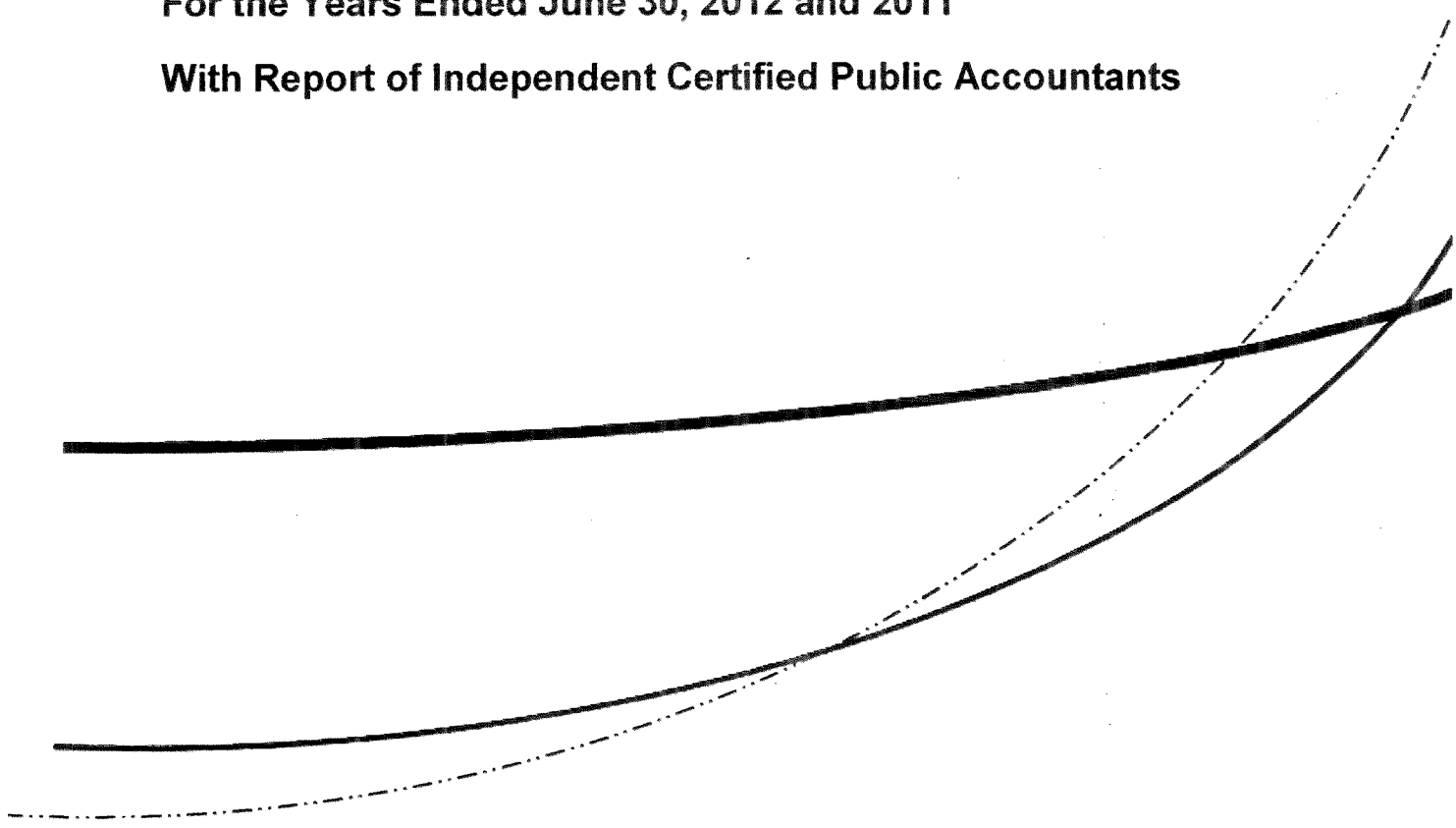
cc: Mr. Alberto M. Carvalho

The Foundation for New Education Initiatives, Inc.

Financial Statements

For the Years Ended June 30, 2012 and 2011

With Report of Independent Certified Public Accountants



C Borders-Byrd, CPA LLC
Accountants and Consultants

Report of Independent Certified Public Accountants

To the Board of Directors of
The Foundation for New Education Initiatives, Inc.

We have audited the accompanying statements of financial position of The Foundation for New Education Initiatives, Inc. (a nonprofit organization, the Foundation) as of June 30, 2012 and 2011 and the related statements of activities and cash flows for years ended. These financial statements are the responsibility of the Foundation's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation for New Education Initiatives, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Listing of Members of the Board of Directors is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Miami, Florida
September 18, 2012

The Foundation for New Education Initiatives, Inc.

STATEMENTS OF FINANCIAL POSITION

	June 30	
	2012	2011
Assets		
Cash and cash equivalents	\$ 1,868,425	\$ 900,114
Accounts receivable	11,477	355,743
Unconditional promise to give from (less than one year):		
John S. and James L. Knight Foundation		
Restricted for Cultural Passport	-	477,866
Morgridge Family Foundation:		
Restricted for E-Rate match	750,000	-
Total assets	\$ 2,629,902	\$ 1,733,723
Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 323,111	\$ 84,077
Deferred revenue	10,000	10,000
Total liabilities	333,111	94,077
Net assets:		
Unrestricted net assets	198,236	98,661
Temporarily restricted net assets	2,098,555	1,540,985
Total net assets	2,296,791	1,639,646
Total liabilities and net assets	\$ 2,629,902	\$ 1,733,723

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

The Foundation for New Education Initiatives, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions	\$ 254,861	\$ 2,304,575	\$ 2,559,436
Interest income	1,980	-	1,980
In-kind contributions (Note 2)	66,039	-	66,039
Net assets released from restrictions satisfaction of purpose restrictions	1,747,005	(1,747,005)	-
Total support and revenue	2,069,885	557,570	2,627,455
Expenses:			
Program services:			
College Assistance Program	482,670	-	482,670
The Parent Academy	703,860	-	703,860
Cultural Passport	255,267	-	255,267
Schools Mini-Grants	80,571	-	80,571
College Tour	62,887	-	62,887
City Year	50,000	-	50,000
Dial-A-Teacher	50,000	-	50,000
Teach for America	50,000	-	50,000
DA School Incentives	44,500	-	44,500
Principal for a day	36,882	-	36,882
Other Programs	60,939	-	60,939
Total program services	1,877,576	-	1,877,576
Supporting services:			
Management and general	26,420	-	26,420
Fundraising	66,314	-	66,314
Total expenses	1,970,310	-	1,970,310
Change in net assets	99,575	557,570	657,145
Net assets, beginning of period	98,661	1,540,985	1,639,646
Net assets, end of period	\$ 198,236	\$ 2,098,555	\$ 2,296,791

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

The Foundation for New Education Initiatives, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions	\$ 196,499	\$ 1,817,308	\$ 2,013,807
Interest income	2,967	-	2,967
In-kind contributions (Note 2)	1,179,208	-	1,179,208
Net assets released from restrictions satisfaction of purpose restrictions	933,830	(933,830)	-
Total support and revenue	<u>2,312,504</u>	<u>883,478</u>	<u>3,195,982</u>
Expenses:			
Program services:			
Cultural Passport	1,872,625	-	1,872,625
College Tour	79,722	-	79,722
Dial-A-Teacher	48,838	-	48,838
DA School Incentives	36,900	-	36,900
The Parent Academy	25,796	-	25,796
Other Programs	65,233	-	65,233
Total program services	<u>2,129,114</u>	<u>-</u>	<u>2,129,114</u>
Supporting services:			
Management and general	16,043	-	16,043
Fundraising	98,073	-	98,073
Total expenses	<u>2,243,230</u>	<u>-</u>	<u>2,243,230</u>
Change in net assets	<u>69,274</u>	<u>883,478</u>	<u>952,752</u>
Net assets, beginning of period	29,387	657,507	686,894
Net assets, end of period	<u>\$ 98,661</u>	<u>\$ 1,540,985</u>	<u>\$ 1,639,646</u>

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

The Foundation for New Education Initiatives, Inc.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30,

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ 657,145	\$ 952,752
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase)/decrease in unconditional promise to give	(272,134)	122,134
Decrease (increase) in accounts receivable	344,266	(355,743)
Increase (decrease) in accounts payable	239,034	(431,690)
Increase in deferred revenue	-	10,000
Net cash provided by operating activities	<u>968,311</u>	<u>297,453</u>
Cash flows from investing activities		
Net cash provided by investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Net cash provided by financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	968,311	297,453
Cash and cash equivalents, beginning of period	<u>900,114</u>	<u>602,661</u>
Cash and cash equivalents, end of period	<u>\$ 1,868,425</u>	<u>\$ 900,114</u>

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

The Foundation for New Education Initiatives, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2012 and 2011

1. Nature of Activities

The Foundation for New Education Initiatives, Inc. (the Foundation), a nonprofit organization, was incorporated under the laws of the state of Florida in April 2008 and began operations on November 24, 2008. The Foundation was formed to foster improved education and cultural experiences for impoverished and underprivileged students attending Miami-Dade County Public Schools (the District). Foundation funds include moneys that have been received by the Foundation in support of its fundraising efforts and donations by the local business community.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Net assets and contributions are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or passage of time.

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for unrestricted or specific purposes.

Revenues are reported as increase in unrestricted net assets, unless use of the related assets is limited by donor-imposed purpose or time restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

The Foundation for New Education Initiatives, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. Summary of Significant Accounting Policies - Continued

Program Services/Temporarily Restricted Net Assets

Program services represent various established programs that meet the Foundation's purpose of fostering improved education and cultural experiences for impoverished and underprivileged students attending Miami-Dade County Public Schools as follows. Funds raised for each of the programs below are temporarily restricted net assets until expended for the applicable programs:

The Parent Academy-Miami-Dade County Public Schools: The Parent Academy is a year-round initiative to help parents become full partners in their child's education by providing free classes and workshops at more than 200 sites throughout the Miami-Dade County. This program is partially funded by the John S. and James L. Knight Foundation. The funds are passed through to the District for implementation of the program.

Cultural Passport: The Cultural Passport is an educational initiative that provides all K-12 students with a different age-appropriate cultural experience each school year. Support is provided for transportation, venue admission fees, curriculum and professional development, and other operational needs. This program is partially funded by a \$1 million grant award from the John S. and James L. Knight Foundation and matching in-kind contributions from the community in partnership with Miami-Dade County's various arts and cultural institutions.

Bringing Wireless Technology to the Classroom: During 2012, through the community-wide contributions and support from local and national foundations, the Foundation for New Education Initiatives initiated a fundraising campaign to raise approximately \$7 million for wireless technology improvements in Miami-Dade schools, to be matched 10 to 1 through the federal E-Rate Program. Additional efforts are geared to raising funds to provide students with portable laptops. Approximately \$1,477,000 has been raised to date and is included in temporarily restricted net assets in 2012. Additionally, the Foundation has commitments of approximately \$2,000,000 in cash contributions and approximately \$3,300,000 of in-kind contributions commitments from Miami-Dade Schools at June 30, 2012.

Success Academy: Multiple Sessions of Intensive additional classes for students in struggling schools. The Foundation through the District provides four hours of small-group instruction in core subjects to prepare students for the Florida Comprehensive Assessment Test. Nutritious snacks are included.

Dial-A-Teacher: An online, free service provided by M-DCPS, in cooperation with United Teachers of Dade and WLRN. Dial-A-Teacher offers homework help in most subject areas in grades K-12 and provides parents/guardians with assistance in helping their children complete homework assignments. Hours of operation are Monday through Thursday on school nights from 5:30 p.m. to 8:30 p.m. Bilingual assistance is available.

College Tour: Provides support to the College Tour Institute which provides students an opportunity to prepare for college by visiting college campuses.

The Foundation for New Education Initiatives, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. Summary of Significant Accounting Policies - Continued

Program Services/Temporarily Restricted Net Assets - Continued

Mini-grants for Schools: An annual mini-grant competition for schools to promote innovative educational activities that foster academic achievement is being launched in 2011-2012. Funds were raised to provide mini-grants of up to \$10,000 each to each of the school district's regions, as well as the district's Education Transformation Office.

College Assistance Program: Through the College Assistance Program, Inc. students are awarded scholarships for college.

The Eddies: A community-sponsored recognition ceremony honoring Miami-Dade County Public Schools' top employees from a variety of employment categories.

Other Programs: Teacher Incentive Fund: to reward teachers in high-need schools who provide innovation and leadership to enhance student achievement and peer motivation. Assisting Families in Need: Referrals, monetary, and other types of aid for students and their families in crisis.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include cash and short-term investments with an original maturity date of three months or less.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation 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 Foundation uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

The Foundation for New Education Initiatives, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. Summary of Significant Accounting Policies - Continued

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Contributions are recognized as revenue in the period earned.

In-Kind Contributions

In-kind contributions of student transportation, venue admission fees, curriculum and professional development, and other operational needs, as well as, donated personnel related costs received from Miami-Dade County Public Schools and donated professional services from third parties is properly included in the accompanying statement of activities at their estimated fair market values at the date of receipt. In-kind contributions for the years ended June 30, 2012 and 2011 were approximately \$66,039 and \$1,179,208, respectively. This amount is included in management and general, fundraising and cultural passport in the Statement of Activities.

Income Taxes

The Foundation has a tax determination letter from the Internal Revenue Service indicating that it is a tax-exempt organization as provided for in Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation. Therefore, it is exempt from Federal and state income taxes, except for taxes pertaining to unrelated business income. Accordingly, no provision for income taxes is provided for in the accompanying financial statements because the Foundation has had no significant unrelated business income.

3. Cash and Cash Equivalents

Cash and cash equivalents consists of amounts on deposit in a financial institution. Accounts at the financial institution are insured by the National Credit Union Share Insurance Fund up to \$250,000 of bank balance. During periods of fiscal 2012 and 2011, the balance on deposit with the financial institution exceeded the insured amount.

4. Related Parties

The recipients of the services offered by the Foundation are primarily students enrolled in Miami-Dade County Public Schools and their families. During fiscal 2012 and 2011, the Foundation expended approximately \$1,211,278 and \$337,493, respectively with the District and certain schools in the District for the Parent Academy, school supplies, student transportation and the impact of new students related to the Haiti disaster. Approximately \$300,000 is due Miami-Dade County Public Schools at June 30, 2012. This amount is included in accounts payable. The Chair of the School Board and Superintendent serve on the Board of directors of the Foundation. Additionally, the Foundations financial statements are included in the financial statements of the School Board.

The Foundation for New Education Initiatives, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

5. Functional Allocation of Expenses

The costs of providing program services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between the program and supporting services.

6. Commitments and Contingencies

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

7. Concentrations

Approximately 38% and 31% of the Foundation's support for the years ended June 30, 2012 and 2011, respectively, came from the Morgridge Family Foundation and John S. and James L. Knight Foundation, respectively.

8. Evaluation of Subsequent Events

Subsequent events have been evaluated through September 18, 2012, which is the date the financial statements were available to be issued.

Supplementary Information

The Foundation for New Education Initiatives, Inc.

LISTING OF MEMBERS OF BOARD OF DIRECTORS (UNAUDITED)

June 30, 2012

BOARD OF DIRECTORS

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

Ms. Perla Tabares Hantman, Chair
The School Board of Miami-Dade County, Florida

SUPERINTENDENT OF SCHOOLS

Mr. Alberto M. Carvalho

MIAMI DADE COUNTY COUNCIL OF PTAs/PTSAs

Ms. Sharon G. Watson, President

BUSINESS/CIVIC MEMBER AND DONOR TO THE PARENT ACADEMY

Dr. Penny Shaffer, Market President
Blue Cross and Blue Shield of Florida

COMMUNITY REPRESENTATIVES

Mr. Bill O'Dowd
Chairman and Chief Executive Officer
Dolphin Digital Media, Inc.

Ms. Natacha Munilla, Vice President
Thunder Electrical Contractors, Inc.

Ms. Julie A.S. Williamson, Shareholder
Akerman Senterfitt, LLP

OFFICERS

CHAIR

Mr. Alberto M. Carvalho

VICE CHAIR

Ms. Perla Tabares Hantman

TREASURER

Ms. Sharon Watson

SECRETARY

Dr. Penny Shaffer