

MEMORANDUM

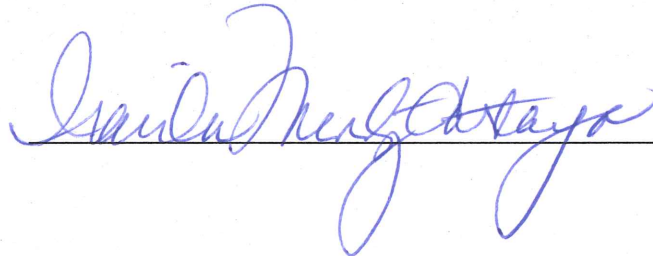
IRM-C/2015-2016/M135
January 28, 2016

TO: Mr. Jose Montes de Oca, Chief Auditor
Office of Management and Compliance Audits

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

SUBJECT: **FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
REPORT FOR THE YEAR ENDED JUNE 30, 2015**

Enclosed please find a copy of the financial statements and independent auditors' report conducted by Verdeja, De Armas & Trujillo Certified Public Accountants for the Foundation for New Education Initiatives, Inc., for the period of July 1, 2014 through June 30, 2015. Should you have any questions, please contact me at 305 995-1497.


IRM-C

IRM-C:mo

Attachment

cc: Mr. Alberto M. Carvalho

**FOUNDATION FOR NEW EDUCATION
INITIATIVES, INC.**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Foundation for New Education Initiatives, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Foundation for New Education Initiatives, Inc. (the "Foundation"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation for New Education Initiatives, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Verónica De Armas Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 1, 2015

FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS

Cash and cash equivalents (\$383,358 temporarily restricted)	\$ 1,194,686
Accounts receivable	<u>15,000</u>
TOTAL ASSETS	<u>\$ 1,209,686</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ <u>704,436</u>
TOTAL LIABILITIES	<u>704,436</u>

Net assets:	
Unrestricted net assets	106,892
Temporarily restricted net assets	<u>398,358</u>
TOTAL NET ASSETS	<u>505,250</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,209,686</u>
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The accompanying notes are an integral part of these financial statements.

FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 283,067	\$ 866,650	\$ 1,149,717
Interest income	4,583	-	4,583
In-kind contributions	45,064	-	45,064
Net assets released from restrictions	1,639,556	(1,639,556)	-
TOTAL SUPPORT AND REVENUE	1,972,270	(772,906)	1,199,364
EXPENSES			
Program services:			
Wireless Technology	561,956	-	561,956
Scholarship	112,231	-	112,231
College Tour	78,596	-	78,596
Cultural Passport	138,943	-	138,943
After School	400,000	-	400,000
Principal Today	25,441	-	25,441
Other programs	413,229	-	413,229
TOTAL PROGRAM SERVICES	1,730,396	-	1,730,396
Supporting services:			
Management and general	156,942	-	156,942
Fundraising	50,459	-	50,459
TOTAL SUPPORTING SERVICES	207,401	-	207,401
TOTAL EXPENSES	1,937,797	-	1,937,797
CHANGE IN NET ASSETS	34,473	(772,906)	(738,433)
NET ASSETS, BEGINNING OF YEAR	72,419	1,171,264	1,243,683
NET ASSETS, END OF YEAR	\$ 106,892	\$ 398,358	\$ 505,250

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

FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOW FROM OPERATING ACTIVITIES

Change in net assets \$ (738,433)

Adjustments to reconcile change in net assets to net cash
used in operating activities:

Decrease in accounts receivable 255,979

Increase in accounts payable 79,202

NET CASH USED IN OPERATING ACTIVITIES (403,252)

Net decrease in cash and cash equivalents (403,252)

Cash and cash equivalents, beginning of year 1,597,938

Cash and cash equivalents, end of year \$ 1,194,686

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

**FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – NATURE OF ACTIVITIES

Foundation for New Education Initiatives, Inc. (the “Foundation”), a not-for-profit corporation, was incorporated under the laws of the state of Florida in April 2008 and began operations on November 24, 2008. The Foundation seeks to enhance student achievement and community engagement in support of educational initiatives of Miami-Dade County Public Schools. The Foundation supports initiatives such as the Cultural Passport program, equipping needy students and classrooms in poor schools with wireless devices, plus many other valuable programs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation

The Foundation prepares its financial statements in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). The Foundation is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets are the part of net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations. Generally, operating revenues and expenses have been recorded in the Unrestricted Fund.

Temporarily restricted net assets result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be removed by actions of the organization pursuant to those stipulations.

Permanently restricted net assets result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the organization.

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:

Cultural Passport: The Cultural Passport is an education initiative in partnership with Miami- Dade’s various arts and cultural institutions, to provide 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.

FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bringing Wireless Technology to the Classroom: Through community-wide contributions and support from local and national foundations, the Foundation raised \$7 million dollars for wireless technology improvements in schools, allowing the District to increase district-wide and schools' network capacity (bandwidth). As of June 30, 2015, all temporarily restricted funds have been spent.

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

College Assistance Program (CAP): The College Assistance Program, is an advisory program in the Miami Dade County Public Schools. CAP provides full time service in every senior high school. The purpose of the CAP school advisory program is to guide students and their parents through the college admission and financial aid processes. CAP advisors in the schools help students find appropriate post-secondary institutions, apply for admission, and apply for financial aid and scholarships.

Cultural Passport Program: The Cultural Passport program is an education initiative, in partnership with Miami-Dade's various art and cultural institutions, to provide all K-12 students with a different age-appropriate cultural experience each year.

Posse Foundation: Through the Posse Foundation, deserving students are awarded four-year, full tuition leadership scholarships by 33 partner universities and colleges in 17 states. Students are sent to colleges and universities in a "Posse," a group of ten students. Each Posse acts as a traveling support system to ensure that each Posse scholar succeeds and graduates from college.

Other Programs: Assisting Families in Need: Referrals, monetary, and other types of aid for students and their families in crisis.

Contributions

Revenues are reported as an increase in unrestricted net assets, unless use of the related assets are limited by a donor-imposed purpose or time restriction. 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 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 into service.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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

For the purpose of reporting cash flows, the Foundation considers all highly liquid financial instruments with maturity of three months or less to be cash equivalents.

FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consist of contributions promised from corporate donors. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. The Foundation does not believe they need an allowance for uncollectible accounts receivable as of June 30, 2015.

Concentration of Credit Risk

Cash and cash equivalents are exposed to credit risks. The Foundation maintains its cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. To minimize risk, the Foundation's cash accounts are placed with high credit quality financial institutions. The Foundation regularly evaluates its depository arrangements.

Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

There are no reserves held for uncertain tax positions at June 30, 2015. Tax years that are open under the statute of limitations remain subject to examination by the IRS.

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 cost received from Miami-Dade County Public Schools and donated professional services from third parties are properly included in the accompanying statement of activities at their estimated fair market values at the date of receipt. In-kind contributions for the year ended June 30, 2015 was approximately \$45,000. This amount is included in management and general under supporting services in the statement of activities.

Subsequent Events

The Foundation has evaluated subsequent events through December 1, 2015, which is the date the financial statements were available to be issued.

NOTE 3 – ACCOUNTS RECEIVABLE

Grants receivable as of June 30, 2015 consists of the following:

DSW Receivable	\$ 15,000
	<u>\$ 15,000</u>

FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4 – ACCOUNTS PAYABLE

Accounts Payable as of June 30, 2015 consists of the following:

Miami Dade County Public Schools	\$	688,682
Accounts Payable - Trade		15,754
	\$	<u>704,436</u>

NOTE 5 – 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 year 2015, the Foundation expended approximately \$1,730,000 with the District and certain schools in the District for college assistance programs, scholarships for students, after school programs, wireless technology for the classrooms, and teacher incentives. Approximately \$688,000 is due to Miami-Dade County Public Schools at June 30, 2015. 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 Foundation's financial statements are included in the financial statements of the School Board.

NOTE 6 – CONCENTRATIONS

Approximately 50% of the Foundation's support for the year ended June 30, 2015, came from the Himan Brown Charitable Trust and One Blood, Inc.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

The balance in the temporarily restricted net assets at June 30, 2015, was \$398,358 and the assets are held in cash of \$383,358 and accounts receivable of \$15,000 in the Statement of Financial Position.

NOTE 8 – FAIR VALUE MEASUREMENTS

The Foundation classified its investments as of June 30, 2015, based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs were not available. The three-level valuation hierarchy is established for the measurement and disclosure of fair value. The valuation hierarchy is based upon the transparency of inputs used to measure fair value. The three levels are as follows:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical investments that the entity has the ability to access at the measurement date.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the assets or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, the inputs are supported by little or no market activity).

FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 8 – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015.

Money Market – consists of negotiable certificates of deposit (CDs), bankers acceptances, U.S. Treasury bills, commercial paper, municipal notes, federal funds and repurchase agreements (repos). Such amounts are included in cash and cash equivalents.

Assets	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market	\$ 209,019	\$ 209,019	\$ -	\$ -

SUPPLEMENTARY INFORMATION
(UNAUDITED)



INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

Board of Directors
Foundation for New Education Initiatives, Inc.
Miami, Florida

We have audited the financial statements of Foundation for New Education Initiatives, Inc. as of and for the year ended June 30, 2015, and our report thereon dated December 1, 2015, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion of the financial statements as a whole. The Listing of Members of Board of Directors, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 1, 2015

**FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
LISTING OF MEMBERS OF BOARD OF DIRECTORS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

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

Mr. Joseph Gebara, President

COMMUNITY REPRESENTATIVES

Mr. David Haas, Managing Director
AIG Property Casualty

Mr. David L. Marcus, Area Chairman
Arthur J. Gallagher & Co.

Ms. Susan McDowell, CEO/Owner
Circle One Marketing

Ms. Julie A.S. Williamson, Esq., President
Julie A.S. Williamson, P.A.

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

Mr. Bill O'Dowd, Chairman and CEO
Dolphin Digital Media

Ms. Kadisha Phelps, Associate
Miami Office of Sweetapple, Broeker & Varkas, P.L.

Mr. Peter E. Salomon, Partner
Akerman

Mr. Alfred G. Smith, Partner
Shutts and Bowen

**FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
LISTING OF MEMBERS OF BOARD OF DIRECTORS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

OFFICERS

CHAIR

Mr. Alberto M. Carvalho

VICE CHAIR

Ms. Perla Tabares Hantman

TREASURER

Mr. Joseph Gebara

SECRETARY

Julie A.S. Williamson

FINANCIAL STATEMENT FINDING

The audit disclosed no matters that were reportable in the current year.

**FOUNDATION FOR NEW EDUCATION
INITIATIVES, INC.
MANAGEMENT LETTER**

JUNE 30, 2015

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MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of Foundation for New Education Initiatives, Inc. (the "Foundation"), as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

Generally accepted auditing standards require auditors to communicate *material weaknesses* and *significant deficiencies* in internal control that they become aware of during the audit. Generally accepted auditing standards do not require auditors to communicate *management points*. Our firm's policy requires us to inform you of any *management points* discovered during our audit. No management points have been identified for the year ended June 30, 2015.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting standards generally accepted in the United States of America such that there is more than a remote likelihood reasonably possible or probable that a misstatement of the entity's financial statements that is more than inconsequential if a reasonable person would conclude, after considering the possibility of further undetected misstatements, that the misstatement, either individually or when aggregated with other misstatements, would clearly be immaterial to the financial statements, considering both quantitative and qualitative factors will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

A management point is an observation and/or a suggestion regarding the Foundation's activities that go beyond internal control related matters.

The following summarizes the results of our audit for the year ended June 30, 2015:

Material Weakness Identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Management Point Identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

We wish to congratulate Foundation for New Education Initiatives, Inc. on receiving a management letter where no material weaknesses in internal controls were reported.

This communication is intended solely for the information and use of management, Board of Directors, and others within the Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 1, 2015