

MEMORANDUM

IRM-C/2016-2017/M197
April 28, 2017

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, 2016**

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, 2015 through June 30, 2016. Should you have any questions, please contact me at 305 995-1497.


IRM-C

IRM-C:vii

Attachment

cc: Mr. Alberto M. Carvalho

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2016**

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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, 2016, 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, 2016, 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 blue ink that reads "Vicky-DeAmar Trujillo". The signature is written in a cursive style with a long horizontal stroke at the end.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 8, 2016

FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Cash and cash equivalents (\$1,639,042 temporarily restricted)	\$ 2,361,785
Accounts receivable, temporarily restricted	<u>750,000</u>
TOTAL ASSETS	<u>\$ 3,111,785</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 352,366
TOTAL LIABILITIES	<u>352,366</u>

Net assets:	
Unrestricted net assets	370,377
Temporarily restricted net assets	<u>2,389,042</u>
TOTAL NET ASSETS	<u>2,759,419</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,111,785</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, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,176,082	\$ 2,599,678	\$ 3,775,760
Interest income	2,400	-	2,400
In-kind contributions	31,323	-	31,323
Net assets released from restrictions	608,994	(608,994)	-
TOTAL SUPPORT AND REVENUE	<u>1,818,799</u>	<u>1,990,684</u>	<u>3,809,483</u>
EXPENSES			
Program services:			
Scholarship	102,076	-	102,076
College Tour	29,267	-	29,267
Cultural Passport	309,980	-	309,980
Principal Today	28,755	-	28,755
Other programs	202,483	-	202,483
The Parent Academy	8,559	-	8,559
Summer Youth Internship Program	295,219	-	295,219
Event expenses	376,892	-	376,892
TOTAL PROGRAM SERVICES	<u>1,353,231</u>	<u>-</u>	<u>1,353,231</u>
Supporting services:			
Management and general	174,727	-	174,727
Fundraising	27,356	-	27,356
TOTAL SUPPORTING SERVICES	<u>202,083</u>	<u>-</u>	<u>202,083</u>
TOTAL EXPENSES	<u>1,555,314</u>	<u>-</u>	<u>1,555,314</u>
CHANGE IN NET ASSETS	263,485	1,990,684	2,254,169
NET ASSETS, BEGINNING OF YEAR	106,892	398,358	505,250
NET ASSETS, END OF YEAR	<u>\$ 370,377</u>	<u>\$ 2,389,042</u>	<u>\$ 2,759,419</u>

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, 2016

CASH FLOW FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,254,169
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Increase in accounts receivable	(735,000)
Decrease in accounts payable	(352,070)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,167,099</u>
Net increase in cash and cash equivalents	<u>1,167,099</u>
Cash and cash equivalents, beginning of year	<u>1,194,686</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,361,785</u></u>

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, 2016**

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 all 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, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summer Youth Internship Program: is a partnership between Miami-Dade County, The Children's Trust, Miami-Dade County Public Schools and the Foundation for New Education Initiatives to provide over 1,440 paid summer internships for youth across the county. The unique structure of the summer internship program included parent, student and employer orientations across the county, online training for interns, training curriculum including weekly assignments, and an online interface called GetMyInterns.org, which was used to match interns with employers. Additionally, all interns and employers were supported with instructional coaches throughout the five-week internship period. This internship program provided a meaningful employment opportunity for Miami-Dade County's Youth.

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.

FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2016.

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, 2016. 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, 2016 was approximately \$31,323. 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 8, 2016, which is the date the financial statements were available to be issued.

NOTE 3 – ACCOUNTS RECEIVABLE, temporarily restricted
Grants receivable as of June 30, 2016 consists of the following:

Miami-Dade County	\$ 750,000
	<u>\$ 750,000</u>

FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4 – ACCOUNTS PAYABLE

Accounts Payable as of June 30, 2016 consists of the following:

Miami Dade County Public Schools	\$ 63,911
Accounts Payable - Trade	<u>288,455</u>
	<u>\$ 352,366</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 2016, the Foundation expended approximately \$976,000 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 \$63,900 is due to Miami Dade County Public Schools at June 30, 2016. 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, 2016, came from Miami-Dade County grant.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

The balance in the temporarily restricted net assets at June 30, 2016, was \$2,389,042 and the assets are held in cash of \$1,639,042 and accounts receivable of \$750,000 in the Statement of Financial Position.

NOTE 8 – FAIR VALUE MEASUREMENTS

The Foundation classified its investments as of June 30, 2016, 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, 2016

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, 2016.

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	\$ 210,498	\$ 210,498	\$ -	\$ -

SUPPLEMENTARY INFORMATION
(UNAUDITED)



Verdeja • De Armas • Trujillo

Certified Public Accountants

Manny Alvarez, C.P.A.
Pedro M. De Armas, C.P.A.
Eric E. Santa Maria, C.P.A.
Alejandro M. Trujillo, C.P.A.
Octavio A. Verdeja, C.P.A.
Tab Verdeja, C.P.A.
Monique Bustamante, C.P.A.
Maria C. Perez-Abreu, C.P.A.
Octavio F. Verdeja, C.P.A.

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, 2016, and our report thereon dated December 8, 2016, 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 8, 2016

**FOUNDATION FOR NEW EDUCATION INITIATIVES, INC.
LISTING OF MEMBERS OF BOARD OF DIRECTORS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016**

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. Alvin Gainey, 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, 2016**

OFFICERS

CHAIR

Mr. Alberto M. Carvalho

VICE CHAIR

Ms. Perla Tabares Hantman

TREASURER

Mr. Joseph Gebara

SECRETARY

Julie A.S. Williamson

EXECUTIVE DIRECTOR

Ms. Ann de las Pozas

FINANCIAL STATEMENT FINDING

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