

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

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

**BASIC FINANCIAL STATEMENTS, INDEPENDENT  
AUDITORS' REPORT AND SUPPLEMENTAL  
INFORMATION**

**JUNE 30, 2018**

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2018**

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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

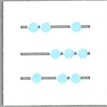
**2017-2018**

**BOARD OF DIRECTORS**

Aviva Budd, Title Director  
Melanie Damian, President, Title Secretary  
Robert Gordon, Title Director  
Virginia Emmons, Title Director  
Tery Medina, Title Director  
Tom Culmo, Title Director  
Stuart Israelson, Director  
Dorothy Terrell, Director  
Carol Cope, Director  
Jason Bloch, Director

**SCHOOL ADMINISTRATION**

Mrs. Kara A. Locke, Head of School



## INDEPENDENT AUDITORS' 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 of The Miami Boarding School, Inc. d/b/a The SEED School of Miami (the "School"), and a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2018, 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, 2018, 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.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and budgetary comparison information on pages 28 through 30 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2018, 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, 2018

**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, 2018.

**FINANCIAL HIGHLIGHTS**

1. The School had a change in net position of \$1,156,448 for the fiscal year end at June 30, 2018 and the School's net position was \$2,529,336.
2. At year-end, the School had current assets of \$635,184.
3. The School had a fund balance at June 30, 2018 of \$252,160.

*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, 2018 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 14-15 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 16-19 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 20-27 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, 2018 and 2017:

	<b>Assets</b>	<u>2018</u>	<u>2017</u>
Cash		\$ 304,850	\$ 1,276,090
Accounts receivables		225,000	121,841
Prepaid expenses		105,334	23,993
Deposits receivable and other assets		87,000	113,336
Capital assets, net		<u>2,296,177</u>	<u>54,357</u>
Total Assets		<u>3,018,361</u>	<u>1,589,617</u>
<b>Liabilities and Net Position</b>			
Accounts payable and accrued expenses		359,097	184,426
Due to The SEED Foundation		110,927	870
Loan payables		<u>19,001</u>	<u>31,433</u>
Total Liabilities		489,025	216,729
Net investment in capital assets, net of related debt		2,277,176	22,924
Unrestricted		<u>252,160</u>	<u>1,349,964</u>
Total Net Position		<u>2,529,336</u>	<u>1,372,888</u>
Total Liabilities and Net Position		<u>\$ 3,018,361</u>	<u>\$ 1,589,617</u>



Below is a summary and analysis of the School's revenues and expenses for the year ended June 30, 2018 and 2017:

<b>REVENUES</b>	<u>2018</u>	<u>2017</u>
Program Revenues		
Contributions and other grants	\$ 2,642,277	\$ 3,480,658
State capital outlay funding	-	37,718
Other miscellaneous state revenues	6,128,476	3,407,310
General Revenues		
FEFP nonspecific revenue	1,467,264	859,977
Other income	10,471	19,883
Total Revenues	<u>10,248,488</u>	<u>7,805,546</u>
 <b>EXPENSES</b>		
Instruction	1,916,546	1,124,177
Instructional support services	2,270,319	1,801,913
School administration	589,121	485,487
Fiscal services	728,706	541,476
Food services	279,186	366,255
Pupil transportation services	470,792	155,371
Operation of plant	2,045,727	1,488,814
Administrative technology services	249,055	125,750
Maintenance of plant	113,374	22,498
Central services	345,331	208,687
Unallocated depreciation expense	83,883	28,266
Total Expenses	<u>9,092,040</u>	<u>6,348,694</u>
Change in Net Position	1,156,448	1,456,852
 <b>Net Position (Deficit) at Beginning of Year</b>	<u>1,372,888</u>	<u>(83,964)</u>
<b>Net Position at End of Year</b>	<u>\$ 2,529,336</u>	<u>\$ 1,372,888</u>

## **ACCOMPLISHMENTS**

The SEED School of Miami navigated its fourth year of operation during the 2017-2018 school year thanks to our partners at the Florida Department of Education Office of Independent Education and Parental Choice, Miami Dade County Public Schools, and a host of community supporters.

There were several notable moments and milestones during the 2017-2018 school year. In August, we proudly welcomed our first class of ninth grade students as we opened the doors of our high school. This marked an important benchmark in our school's evolution as we near the date of our first high school graduation ceremony in June 2021. In order to ensure the programmatic success of our high school program, we recruited an outstanding Director of High School Academics and high school Student Life Counselors and professors to guide our inaugural year of 9<sup>th</sup> grade programming.

Also notable this year, SEED Miami relocated during the summer months and entered into a lease and management agreement with Miami-Dade County Public Schools. Through the execution of these contracts, SEED began sharing an academic building with a local K-8 public school and secured a ground lease with the district that provided the land necessary to begin the construction of our long-term dormitory buildings.

In early Fall, we were faced with a number of unexpected challenges that arose in the aftermath of Hurricane Irma. In addition to the cancellation of school for two weeks, the Marriott hotel that was being used as a temporary residential setting for SEED students sustained considerable damages forcing the hotel to close for significant repair. In partnership with local supporters and through coordination with the SEED Foundation, we were able to find a new temporary location for our residential program just a few miles from our academic campus. Within a month of Hurricane Irma, we secured a lease for the new dormitory site, relocated our furniture and student belongings, and moved students and staff residents into a new building thus fully reinstating our 24-hour operations for all scholars.

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. In our dorms, programs such as H.A.L.L.S. and 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.

### **Programmatic Accomplishments**

We are proud to report the many accomplishments of our students and staff throughout this school year, including the following:

- SEED Miami met or exceeded the student enrollment targets in all three benchmark periods of the school year
- 89% of SEED students re-enrolled in the school for the 2018 – 2019 school year
- SEED Miami students averaged a 93.8% attendance rate throughout the 2017 – 2018 school year, improving our average daily attendance rate from the previous year's rate of 92.4%
- Sixth, seventh, and eighth grade students all met our annual reading level growth targets

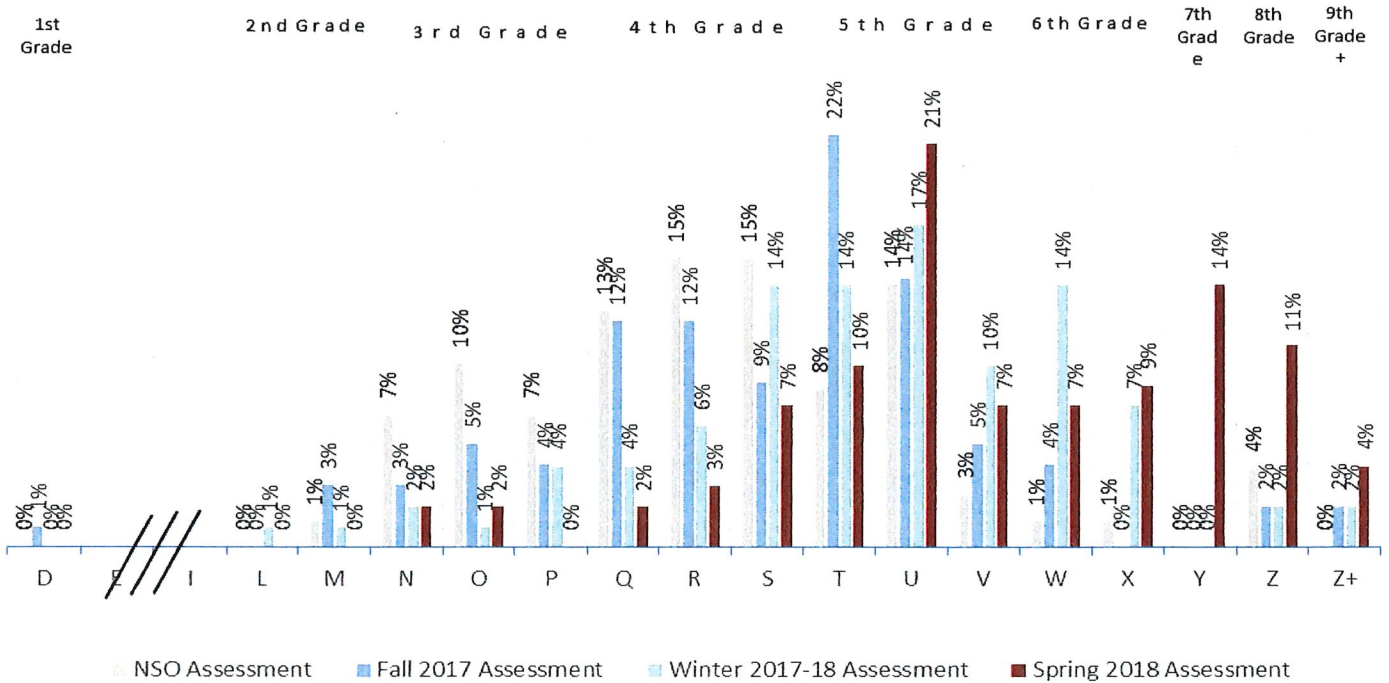
- Whereas 16% of our sixth grade students began the year reading on grade level, 45% of them closed the year reading on a Level W (6<sup>th</sup> grade level) or above
- Whereas 26% of our seventh grade students began the year reading on grade level, 54% of them closed the year reading on a Level Y (7<sup>th</sup> grade level) or above
- Whereas 53% of our eighth grade students began the year reading on grade level, 83% of them closed the year reading on a Level Z (8<sup>th</sup> grade level) or above
- We met our target for performance on the 2018 ACT Aspire Summative examination in Reading and English and outperformed our growth on all three exams (Math, Reading and English) as compared to the previous 2016-2017 school year
- SEED Miami outperformed SEED Maryland and SEED DC on the ACT Summative Assessments in all three subject areas: Reading, Math and English
- SEED Miami offered a robust set of experiences to expose our students to new opportunities this school year. These offerings included over 15 clubs and afterschool activities, college trips to four local universities, and experiential learning partnerships with local partners

### **Fountas & Pinnell (F&P) Reading Level Assessment Data, 2017 – 2018 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.

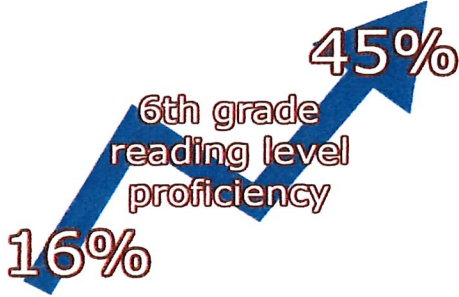
The graphs below show the Reading level growth by grade of 167 SEED students who were present for at least three consecutive F&P assessments and therefore were active students at SEED for a majority of the school year. The maroon bars displayed represent the students' reading levels as of the Spring 2018 Assessment.

6th Grade Fountas & Pinnell Reading Levels Across Four Interim Assessments for the 2017-2018 SY  
**Target: 40% of sixth graders are reading at a Level W or higher, as determined by the Spring assessment.**  
**Actual: 45% of sixth graders are reading at a Level W or higher, as determined by the Spring assessment.**

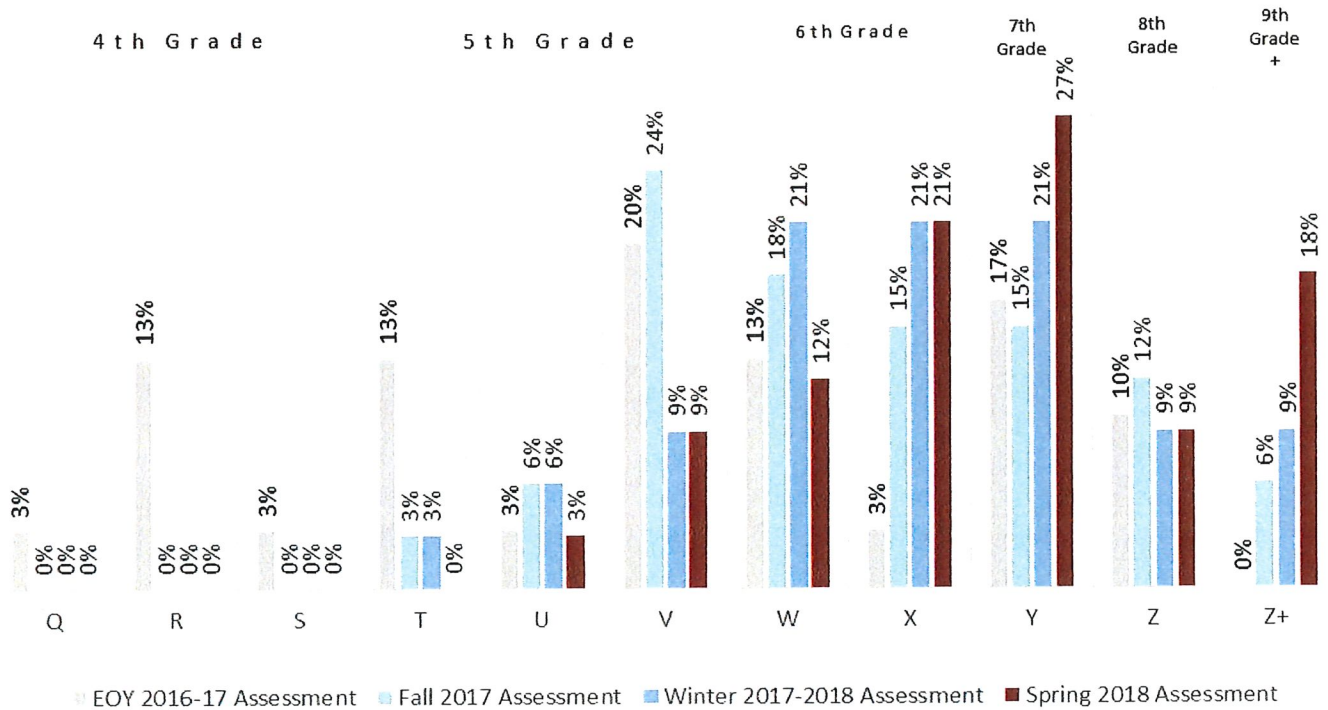


**Trends and Implications**

- **45% of 6th grade students** are currently reading at or above grade level. Only 16% of 6th grade students were reading at or above grade level when the school year began.
- Sixth grade students increased an average of 1.47 grade levels in reading throughout the 2017 – 2018 school year.

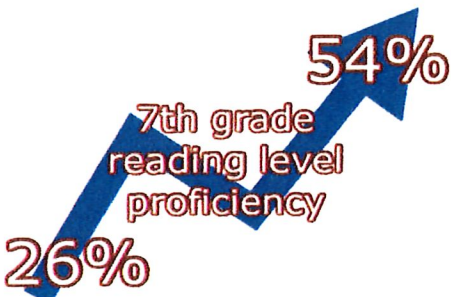


7th Grade Fountas & Pinnell Reading Levels Across Four Interim Assessments for the 2017-2018 SY  
**Target: 50% of seventh graders are reading at a Level Y or higher, as determined by the Spring assessment.**  
**Actual: 54% of seventh graders are reading at a Level Y or higher, as determined by the Spring assessment.**

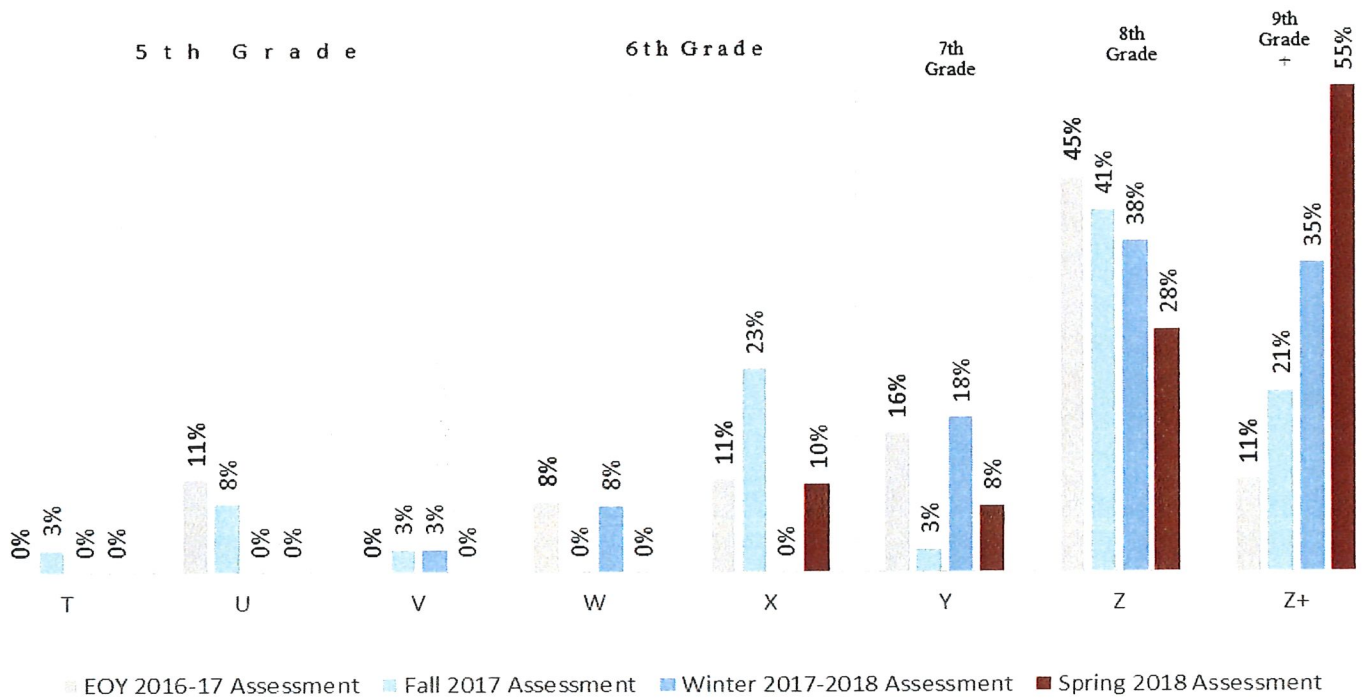


**Trends and Implications**

- **54% of 7th grade students** are currently reading at or above grade level. Only 26% of 7th grade students were reading at or above grade level when the school year began.
- Seventh grade students increased an average of 1.18 grade levels in reading throughout the 2017 – 2018 school year.

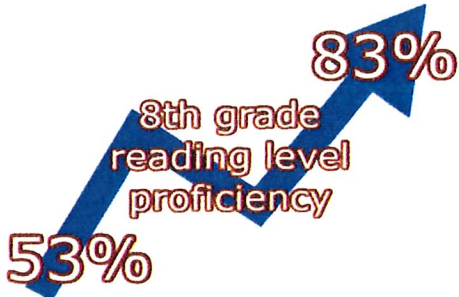


8th Grade Fountas & Pinnell Reading Levels Across Four Interim Assessments for the 2017-2018 SY  
**Target: 70% of eighth graders are reading at a Level Z or higher, as determined by the Spring assessment.**  
**Actual: 83% of eighth graders are reading at a Level Z or higher, as determined by the Spring assessment.**



**Trends and Implications**

- **83% of 8th grade students** are currently reading at or above grade level. Only 53% of 8th grade students were reading at or above grade level when the school year began.
- Eighth grade students increased an average of 0.94 grade levels in reading throughout the 2017 – 2018 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 all three targets for FLDOE Goal #3 – Reading Level Growth.**



## **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 third year of operations, the School's governmental funds reported an decrease of \$1,097,804 in fund balance and had an ending fund balance of \$252,160 due to the construction of modular for the next school year.

## **CAPITAL ASSETS**

The School's investment in capital assets, as of June 30, 2018, amounts to \$2,296,177 (net of accumulated depreciation). This investment in capital assets includes furniture & fixtures and motor vehicles.

## **BUDGETARY HIGHLIGHTS**

The general fund and special revenue fund budget for the fiscal year ended June 30, 2018, 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. Refer to the Budgetary Comparison Schedules on pages 28 to 30 for additional information.

## **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.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a/ THE SEED SCHOOL OF MIAMI**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 304,850
Accounts receivables	225,000
Prepaid expenses	105,334
<b>TOTAL CURRENT ASSETS</b>	<u>635,184</u>
<b>CAPITAL ASSETS</b>	
Furniture and equipment	148,339
Less accumulated depreciation	(50,930)
Motor vehicles	82,294
Less accumulated depreciation	(59,889)
Audiovisual materials	214,399
Less accumulated depreciation	(37,942)
Construction in progress	1,999,906
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>2,296,177</u>
Deposit receivable and other assets	<u>87,000</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,018,361</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 359,097
Due to The SEED Foundation	110,927
Loan payable - current portion	12,374
<b>TOTAL LIABILITIES</b>	<u>482,398</u>
Loan payable - long term portion	<u>6,627</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	2,277,176
Unrestricted	252,160
<b>TOTAL NET POSITION</b>	<u>2,529,336</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 3,018,361</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, 2018**

<b>Functions</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental Activities:</b>					
Instruction	\$ 1,916,546	\$ -	\$ 125,959	\$ -	\$ (1,790,587)
Instructional support services	2,270,319	-	-	-	(2,270,319)
School administration	589,121	-	-	-	(589,121)
Fiscal services	728,706	-	-	-	(728,706)
Food services	279,186	-	11,997	-	(267,189)
Pupil transportation services	470,792	-	-	-	(470,792)
Operation of plant	2,045,727	-	-	-	(2,045,727)
Maintenance of plant	113,374	-	-	-	(113,374)
Administrative technology services	249,055	-	22,072	-	(226,983)
Central services	345,331	-	-	-	(345,331)
Unallocated depreciation expense	83,883	-	-	-	(83,883)
<b>Total Governmental Activities</b>	<b>\$ 9,092,040</b>	<b>\$ -</b>	<b>\$ 160,028</b>	<b>\$ -</b>	<b>\$ (8,932,012)</b>

**GENERAL REVENUES:**

Grants and contributions not restricted to specific programs	\$ 2,482,249
Other miscellaneous state revenues	6,128,476
Revenues from state sources	1,467,264
Interest and other revenue	10,471
<b>Total general revenues</b>	<b>10,088,460</b>

Change in Net Position 1,156,448

NET POSITION - BEGINNING 1,372,888

NET POSITION - ENDING \$ 2,529,336

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, 2018**

	Governmental Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 304,850	\$ -	\$ -	\$ 304,850
Accounts receivables	225,000	-	-	225,000
Prepaid expenses	105,334	-	-	105,334
Deposit receivable and other assets	87,000	-	-	87,000
<b>TOTAL ASSETS</b>	<b>\$ 722,184</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 722,184</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	359,097	-	-	359,097
Due to The SEED Foundation	110,927	-	-	110,927
<b>TOTAL LIABILITIES</b>	<b>470,024</b>	<b>-</b>	<b>-</b>	<b>470,024</b>
<b>FUND BALANCE</b>				
<b>Nonspendable</b>				
Deposit receivable and other assets	192,334	-	-	192,334
Unassigned	59,826	-	-	59,826
<b>TOTAL FUND BALANCE</b>	<b>252,160</b>	<b>-</b>	<b>-</b>	<b>252,160</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 722,184</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 722,184</b>

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, 2018**

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Total Fund Balance - Governmental Funds \$ 252,160

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	2,444,938
Accumulated depreciation	(148,761)

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.

Loan payable	(19,001)
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Total Net Position - Governmental Activities	<u>\$ 2,529,336</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, 2018**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
Revenue from state sources	\$ 1,467,264	\$ -	\$ 1,467,264
Contributions and other grants	2,482,249	-	2,482,249
Other miscellaneous state revenues	6,128,476	-	6,128,476
Federal through state and local	-	160,028	160,028
Interest and other income	10,471	-	10,471
<b>TOTAL REVENUES</b>	<b>10,088,460</b>	<b>160,028</b>	<b>10,248,488</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instruction	1,790,587	125,959	1,916,546
Instructional support services	2,270,319	-	2,270,319
School administration	589,121	-	589,121
Facilities acquisition & construction	1,999,906	-	1,999,906
Fiscal services	726,971	-	726,971
Food services	267,189	11,997	279,186
Pupil transportation services	470,792	-	470,792
Operation of plant	2,045,727	-	2,045,727
Administrative technology services	226,983	22,072	249,055
Central services	345,331	-	345,331
Maintenance of plant	113,374	-	113,374
<b>Capital Outlay:</b>			
Other capital outlay	325,797	-	325,797
<b>Debt Service:</b>			
Redemption of principal	12,432	-	12,432
Interest	1,735	-	1,735
<b>TOTAL EXPENDITURES</b>	<b>11,186,264</b>	<b>160,028</b>	<b>11,346,292</b>
Excess of expenditures over revenues	(1,097,804)	-	(1,097,804)
Fund balance at beginning of year	1,349,964	-	1,349,964
<b>Fund balance at end of year</b>	<b>\$ 252,160</b>	<b>\$ -</b>	<b>\$ 252,160</b>

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, 2018**

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Change in Fund Balance - Governmental Funds \$ (1,097,804)

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	2,325,703
Depreciation expense	(83,883)

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	12,432
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Change in Net Position of Governmental Activities	\$ 1,156,448
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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, 2018**

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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 non-profit 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, 2018, the School’s second operating school year, when 223 students were enrolled in the 6<sup>th</sup> through 8<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, 2018**

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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 using 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, 2018**

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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, 2018, was \$2,277,176.
- 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, 2018 was \$0.



**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

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

- Unrestricted – all other net position is reported in this category.

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, 2018, the School had \$192,334 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, 2018, 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, 2018, 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, 2018, 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, 2018, 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 full-time equivalent (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 full-time equivalent students reported by the School during the designated full-time equivalent 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, 2018**

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, 2018, 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, 2018:

	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Capital Assets				
Furniture & equipment	\$ 36,941	\$ 111,398	\$ -	\$ 148,339
Motor vehicles	82,294	-	-	82,294
Audiovisual materials	-	214,399	-	214,399
Construction in progress	-	1,999,906	-	1,999,906
Total Capital Assets	<u>119,235</u>	<u>2,325,703</u>	<u>-</u>	<u>2,444,938</u>
Less Accumulated Depreciation				
Furniture & equipment	(20,948)	(29,982)	-	(50,930)
Motor vehicles	(43,930)	(15,959)	-	(59,889)
Audiovisual materials	-	(37,942)	-	(37,942)
Total Accumulated Depreciation	<u>(64,878)</u>	<u>(83,883)</u>	<u>-</u>	<u>(148,761)</u>
Capital Assets, net	<u>\$ 54,357</u>	<u>\$ 2,241,820</u>	<u>\$ -</u>	<u>\$ 2,296,177</u>

Depreciation expense for the year ended June 30, 2018, was \$83,883 and is included in fiscal services. During the year ended June 30, 2018, the School entered into 3 separate agreements to build mobile and modular facilities at its campus. The approximate total of these contracts is \$6,400,000. As of June 30, 2018, there were \$1,999,906, related to these costs included in construction in progress (See Note 6).

NOTE 4 – LOAN PAYABLES

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, 2018:

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 4 – LOAN PAYABLES (Continued)**

Estimated future minimum loan payments under all loans are as follows:

	Balance 7/1/2017	Additions	Repayments	Balance 6/30/2018
Loan payables	\$ 31,433	\$ -	\$ (12,432)	\$ 19,001

**NOTE 5 – DUE TO THE SEED FOUNDATION AND RELATED PARTIES**

The School was opened and is supported by the Foundation, a non-profit 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, 2018, the School was charged management fees of \$441,617. 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, 2018, the Foundation provided revenue support of \$613,592, and is included in contributions and other grants on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance.

Below is a summary of changes in the Due to The SEED Foundation for the year ended June 30, 2018:

	Balance 7/1/2017	Additions	Reductions	Balance 6/30/2018
Due to The SEED Foundation	\$ 870	\$ 1,409,342	\$ (1,299,285)	\$ 110,927

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, 2018, the LLC contributed \$1,376,000. At June 30, 2018, no amounts were owed to the School.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

The School entered into an agreement with Courtyard Miami Coconut Grove located on 2649 South Bayshore Drive, Miami, Florida for the utilization of rooms in the hotel. However, due to Hurricane Irma, the hotel sustained significant damage and was unable to house the students for the entire term of the agreement. The amounts paid for the year ended June 30, 2018 totaled approximately \$118,000.

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 April 30, 2019. The monthly payment is \$87,000 per month.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)**

The School entered into a ground lease with The School Board of Miami-Dade County, Florida, for the placement of modular dormitory facilities. The annual payment for the lease is \$49,759 and it expires on June 30, 2029.

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 cost at a minimum monthly rate of \$18,334.

During the school year, the School entered three separate agreements for the construction of modular buildings at the facilities mentioned in the preceding paragraph. The approximate total of the costs of the contracts is \$6,400,000. As of June 30, 2018, the School had paid approximately 25% of the total price which are included in construction in progress.

In addition, the School entered into an agreement with the District to place in an escrow account total sum of \$1,625,085, for the District to hold and distribute such funds for the design and construction of the infrastructure, foundation and connection of the utilities required in order to install the dormitories mentioned above. As of June 30, 2018, the School had disbursed approximately \$236,000 to the District which has been included in construction in progress.

The School has entered into several other non-cancelable leases for office equipment. These leases began in April 2014 and expire at various times through April 2020.

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

<u>Year Ended June 30,</u>	
2019	\$ 1,150,272
2020	278,522
2021	269,772
2022	269,772
2023 and Thereafter	<u>1,888,402</u>
Total	<u>\$ 3,856,740</u>

**NOTE 7 – DEPOSITS POLICY AND CREDIT RISK**

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments.

As of June 30, 2018, the carrying amount of the School's operating cash deposit accounts was \$304,850 and the bank balance totaled \$658,425. At various times, balances held in financial institutions may exceed the Federal Depository Insurance Corporation (FDIC) limit.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 8 – 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 \$120,227, or 3% of eligible employee wages plus 50% of employee contributions up to 6% for the year ended June 30, 2018.

**NOTE 9 – 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.

**NOTE 10 – 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 11 – SUBSEQUENT EVENTS**

Subsequent to year end, the School has entered into a commitment agreement with a financial institution to borrow \$9,471,288, for the financing and purchase of modular buildings on the facilities located at 1901 NW 127<sup>th</sup> Street, Miami, Florida. As of the date of the financial statements the School had not yet closed on the loan.

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, 2018**

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Revenue from state sources	\$ 1,545,185	\$ 1,348,400	\$ 1,467,264
Contributions and other grants	5,747,500	6,135,500	2,482,249
Other miscellaneous state revenues	6,100,000	5,836,000	6,128,476
Other income	-	-	10,471
<b>TOTAL REVENUES</b>	<b>13,392,685</b>	<b>13,319,900</b>	<b>10,088,460</b>
<b>EXPENDITURES</b>			
Instruction	1,944,201	1,944,201	1,790,587
Instructional support services	2,300,000	2,300,000	2,270,319
Facilities acquisition and construction	2,000,000	2,000,000	1,999,906
School administration	600,000	600,000	589,121
Fiscal services	750,000	750,000	726,971
Food services	285,000	285,000	267,189
Pupil transportation services	500,000	500,000	470,792
Operation of plant	2,067,354	2,274,958	2,045,727
Administrative technology services	250,000	250,000	226,983
Central services	350,000	350,000	345,331
Maintenance of plant	150,000	150,000	113,374
Debt service	14,167	14,167	14,167
Other capital outlay	300,000	300,000	325,797
<b>TOTAL EXPENDITURES</b>	<b>11,510,722</b>	<b>11,718,326</b>	<b>11,186,264</b>
Change in fund balance before other financing sources	1,881,963	1,601,574	(1,097,804)
Other financing sources	-	-	-
<b>Net change in fund balance</b>	<b>\$ 1,881,963</b>	<b>\$ 1,601,574</b>	<b>\$ (1,097,804)</b>

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, 2018

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal through state and local	\$ 55,799	\$ 119,500	\$ 160,028
TOTAL REVENUES	<u>55,799</u>	<u>119,500</u>	<u>160,028</u>
EXPENDITURES			
Instruction	55,799	98,000	125,959
Food services	-	-	11,997
Administrative technology services	-	21,500	22,072
TOTAL EXPENDITURES	<u>55,799</u>	<u>119,500</u>	<u>160,028</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2018**

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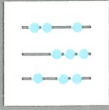
**NOTE A – BUDGETARY INFORMATION**

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, 2018, 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 AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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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, 2018, 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, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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**

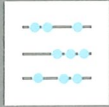
As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2018



## 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, 2018, and have issued our report thereon dated September 14, 2018.

### **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, 2018, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is The Miami Boarding School, Inc. d/b/a The Seed School of Miami.

### **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, 2018 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 maintain 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, 2018