

ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORTS THEREON

JUNE 30, 2021

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Sotolongo & Associates, P.A.

Certified Public Accountants

Report of Independent Auditors on Basic Financial Statements and Supplementary Information

To the Board of Directors of
Academy for International Education Charter School
Miami Springs, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Academy for International Education Charter School (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2021, 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, the major fund, and the aggregate remaining fund information of Academy for International Education Charter School as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 1 to the financial statements, the accompanying financial statements present the financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the School as of June 30, 2021, and the respective changes in financial position for the year then ended, and not the financial statements of Miami-Dade Foundation for Educational Innovation, Inc. (the School's operator). Our opinion is not modified with respect to this matter.

As described in Note 11 to the financial statements, as a result of COVID-19, the School may have to incur additional expenses during the 2021-2022 school year associated with COVID-19 related costs. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–9, and 30–31, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2021, 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 solely 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 the effectiveness of the School's 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 Academy for International Education Charter School's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Sotolongo & Associates, P.A.".

Miami, Florida
September 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Academy for International Education Charter School (the "School") presents Management's Discussion and Analysis, which is intended to provide an overview of the School's financial position and changes in financial position for the fiscal year ended June 30, 2021.

Since the focus of the Management's Discussion and Analysis (MD&A) is on the current year activities, resulting changes and currently known facts, it should be read in conjunction with the School's financial statements, including the accompanying notes.

FINANCIAL HIGHLIGHTS

The following are among the major financial highlights:

- At June 30, 2021, the School had a net position of approximately \$2,110,000.
- At June 30, 2021, the School had current assets of approximately \$1,601,000.
- For the year ended June 30, 2021, the School's revenues exceeded expenses by approximately \$785,000.
- For the year ended June 30, 2021, revenues increased by approximately \$1,190,000.
- For the year ended June 30, 2021, expenses increased by approximately \$146,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements and the notes thereto, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the independent auditors' report on compliance and internal control required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Florida Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities, The Florida Virtual School, and Virtual Instruction Program Providers*.

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements
		Governmental Funds
Scope	Entire school not including fiduciary	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net position and statement of activities	Balance sheet and statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position is an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no major business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School uses or may use the following types of funds:

- *General Fund* – is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- *Special Revenue Fund* – accounts for specific revenue, such as federal grants, that is legally restricted to expenditures for particular purposes.
- *Capital Projects Fund* – accounts for the financial resources accumulated that are restricted for capital outlays.
- *Debt Service Fund* – accounts for accumulation of resources for, and the payment of, general long-term debt.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The following table provides the School's net position as of June 30, 2021 and 2020:

	Governmental Activities		Amount Increase (Decrease)
	2021	2020	
Current and other assets	\$ 1,601,237	\$ 1,223,465	\$ 377,772
Capital assets, net	1,033,672	821,073	212,599
Total assets	<u>2,634,909</u>	<u>2,044,538</u>	<u>590,371</u>
Salaries payable and other accrued expenses	307,133	204,695	102,438
Noncurrent liabilities - due within one year	83,324	50,000	33,324
Noncurrent liabilities - due in more than one year	134,112	464,497	(330,385)
Total liabilities	<u>524,569</u>	<u>719,192</u>	<u>(194,623)</u>
Net position			
Net investment in capital assets	983,876	721,277	262,599
Unrestricted	1,126,464	604,069	522,395
Total net position	<u>\$ 2,110,340</u>	<u>\$ 1,325,346</u>	<u>\$ 784,994</u>

Current and other assets of the School, primarily consisting of cash and cash equivalents, increased as a result of an increase in grants receivable and amounts Due from the Upper School. Capital assets increased due to planned capital outlay expenditures exceeding depreciation. The increase in salaries payable and other accrued expenses is because there is additional accrued payroll and other expenses as of June 30, 2021. The decrease in noncurrent liabilities is primarily the result of the forgiveness of the Paycheck Protection Program loan exceeding new additional debt during the year. The change in total net position was due to the current year operating surplus.

Change in Net Position

The following table compares the changes in the School's net position from its activities for the fiscal years ended June 30, 2021 and 2020:

	Governmental Activities		Amount Increase (Decrease)
	<u>2021</u>	<u>2020</u>	
Revenues:			
Federal through state - grants	\$ 757,814	\$ 113,374	\$ 644,440
State sources	2,970,222	2,884,377	85,845
Contributions, local source and other	70,256	24,854	45,402
PPP loan forgiveness	414,701	-	414,701
Total revenues	<u>4,212,993</u>	<u>3,022,605</u>	<u>1,190,388</u>
Expenses:			
Instruction	2,039,047	1,874,939	164,108
Student support services	203,284	187,391	15,893
Instruction-related technology	3,366	9,057	(5,691)
Professional development	750	6,033	(5,283)
Board	24,702	19,807	4,895
General administration	261,680	253,385	8,295
School administration	454,379	477,607	(23,228)
Fiscal services	28,325	36,922	(8,597)
Central services	7,874	7,574	300
Pupil transportation	-	469	(469)
Operation of plant	403,221	295,038	108,183
Maintenance of plant	-	23,715	(23,715)
Community services	1,371	90,000	(88,629)
Total expenses	<u>3,427,999</u>	<u>3,281,937</u>	<u>146,062</u>
			-
Change in net position	<u>\$ 784,994</u>	<u>\$ (259,332)</u>	<u>\$ 1,044,326</u>

Revenues increased primarily as a result of federal grants and PPP loan forgiveness. Expenditures increased primarily as a result of additional expenditures incurred related to COVID-19, the School's operating lease and repairs to its facility.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial information is presented separately in the Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

As the School completed the fiscal year, its governmental funds reported a combined fund balance of \$1,294,104. Both revenues and expenditures increased overall for the same reasons described above for the governmental activities. In addition, expenditures increased as capital outlay expenditures mentioned below were more than those of the year ended June 30, 2020.

Budgetary Highlights

Budget amendments, if necessary, generally fall into three categories:

- Changes made to account for changes in student enrollment.
- Increases in appropriations to prevent certain budget overruns.
- Increases in grant revenue.

As shown in the accompanying budgetary comparison schedule – general fund, for the year ended June 30, 2021, actual general fund revenues were approximately \$747,000 below the final budgeted amounts. Actual general fund expenditures were approximately \$608,000 below the final budgeted amounts. For the year ended June 30, 2021, revenue was below the budgeted amounts as the budget included revenue for certain grants that were accounted for in the special revenue fund. In addition, certain budgeted instruction personnel costs were lower than expected. The budget for the general administrative function did not include management fees. School administration was lower than the budget as personnel expenses were lower than expected and the budget included certain capital outlay costs that were recorded as capital outlay expenditures for financial reporting purposes. The budget also included payments for debt service that were accounted for in the debt service fund. The notes to the budgetary comparison schedule also include a budgetary comparison schedule for all of the governmental funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2021, the School had capital assets, net of accumulated depreciation and amortization, of \$1,033,672. During the year ended June 30, 2021, the school invested \$441,549 for leasehold improvements and furniture and equipment, including computer equipment. There were no capital asset disposals in the current year. More detailed information about the School's capital assets is presented in Note 2 to the financial statements.

Noncurrent Liabilities

As of June 30, 2021, the School had \$217,436 of noncurrent liabilities outstanding. During the year ended June 30, 2021, the School reduced its noncurrent liabilities by \$297,061, primarily resulting from the forgiveness of the Paycheck Protection Program loan and payments of debt exceeding new borrowings. More detailed information about the School's noncurrent liabilities is presented in Note 3 to the financial statements.

ECONOMIC FACTORS

As a charter school, the School receives most of its funding from FEFP, which are primarily State funds. The State of Florida, by constitution, does not have a state personal income tax; therefore, the state operates primarily using sales, gasoline and corporate income taxes.

NEXT YEAR'S BUDGET

For the year ending June 30, 2022, the School's original combined budget reflects the combined governmental funds revenue to be \$3,843,713. Budgeted combined governmental fund expenditures are expected to be \$3,341,211. If the estimates for the budget are realized, the School's combined governmental funds are expected to increase for the year ending June 30, 2022. Due to uncertainties that remain surrounding the COVID-19 pandemic, the School may have to make further revisions to the budget for unanticipated expenditures.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1080 La Baron Drive, Miami Springs, FL 33166.

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

STATEMENT OF NET POSITION

JUNE 30, 2021

		<u>Governmental Activities</u>
ASSETS		
Cash and cash equivalents		\$ 951,529
Prepaid expenses and inventory		16,576
Due from the Upper School		300,836
Grants receivable		332,296
Capital Assets:		
Leasehold improvements	\$ 1,032,490	
Furniture and equipment	790,498	
Construction in progress	<u>2,106</u>	
Total capital assets	1,825,094	
Less accumulated depreciation and amortization	<u>(791,422)</u>	
Total capital assets, net		<u>1,033,672</u>
Total assets		<u><u>\$ 2,634,909</u></u>
LIABILITIES		
Salaries payable and other accrued expenses		\$ 307,133
Noncurrent liability:		
Due within one year:		
Payable to The School Board of Miami-Dade County, Florida		83,324
Due in more than one year:		
Payable to The School Board of Miami-Dade County, Florida		<u>134,112</u>
Total liabilities		<u>524,569</u>
NET POSITION		
Net investment in capital assets		983,876
Unrestricted		<u>1,126,464</u>
Total net position		<u>2,110,340</u>
Total liabilities and net position		<u><u>\$ 2,634,909</u></u>

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

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 951,529
Prepaid expenses and inventory	16,576
Due from the Upper School	300,836
Grants receivable	<u>332,296</u>
Total assets	<u><u>\$ 1,601,237</u></u>
LIABILITIES AND FUND BALANCE	
Salaries payable and other accrued expenses	<u>\$ 307,133</u>
Total liabilities	<u>307,133</u>
Fund balance:	
Nonspendable	16,576
Unassigned	<u>1,277,528</u>
Total fund balance	<u>1,294,104</u>
Total liabilities and fund balance	<u><u>\$ 1,601,237</u></u>

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

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

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

JUNE 30, 2021

Total fund balance – governmental fund	\$ 1,294,104
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

The cost of capital assets is:	\$ 1,825,094	
Related accumulated depreciation and amortization is:	<u>(791,422)</u>	
Total capital assets, net		1,033,672

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:

Payable to The School Board of Miami-Dade County, Florida		
Due within one year:	(83,324)	
Due in more than one year:	<u>(134,112)</u>	
		<u>(217,436)</u>

Total net position – governmental activities	<u>\$ 2,110,340</u>
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The accompanying notes to financial statements are an integral part of this statement.

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Non-Major Funds Special Revenue and Debt Service Funds	Total Governmental Funds
REVENUES			
Federal through state - grants	\$ -	\$ 757,814	\$ 757,814
State sources	2,970,222	-	2,970,222
Contributions, local source and other	47,449	22,807	70,256
Total revenues	<u>3,017,671</u>	<u>780,621</u>	<u>3,798,292</u>
EXPENDITURES			
Current:			
Instruction	1,487,344	368,543	1,855,887
Student support services	77,400	125,884	203,284
Instruction-related technology	3,366	-	3,366
Professional development	750	-	750
Board	24,702	-	24,702
General administration	261,680	-	261,680
School administration	391,163	17,426	408,589
Fiscal services	28,325	-	28,325
Central services	7,874	-	7,874
Operation of plant	323,203	80,018	403,221
Community services	1,371	-	1,371
Debt service			
Payments of amounts due to The School Board of Miami-Dade County, Florida	-	50,000	50,000
Capital outlay	<u>252,799</u>	<u>188,750</u>	<u>441,549</u>
Total expenditures	<u>2,859,977</u>	<u>830,621</u>	<u>3,690,598</u>
Excess (deficiency) of revenues over (under) expenditures	157,694	(50,000)	107,694
Other financing sources			
Proceeds from due to The School Board of Miami-Dade County, Florida	167,640		167,640
Transfers in	-	50,000	50,000
Transfers out	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
Total other financing sources	<u>117,640</u>	<u>50,000</u>	<u>167,640</u>
Net changes in fund balances	275,334	-	275,334
Fund balance at beginning of year	<u>1,018,770</u>	<u>-</u>	<u>1,018,770</u>
Fund balance at end of year	<u>\$ 1,294,104</u>	<u>\$ -</u>	<u>\$ 1,294,104</u>

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

ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL

**A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2021

Net changes in fund balances – total governmental funds **\$ 275,334**

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures.
In the statement of activities the cost of capital acquisitions
are allocated over their estimated useful lives and reported as
depreciation and amortization expense.

The amount by which capital outlays exceeds
depreciation and amortization is calculated as follows:

Capital outlays	\$ 441,549	
Depreciation and amortization	<u>(228,950)</u>	
		212,599

Repayments of noncurrent liabilities are reported as expenditures in the
governmental funds because they require the use of current financial
resources. They are reported as a reduction in noncurrent liabilities in
the statement of net position. This amount represents the current year
repayment of principal on noncurrent liabilities. 50,000

PPP loan forgiveness reduces liabilities in the government wide statement
of net position, but does not affect fund balances. 414,701

The issuance of noncurrent debt provides current financial resources
to governmental funds. This amount represents the current year
additions to noncurrent debt. (167,640)

Change in net position of governmental activities **\$ 784,994**

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

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE – 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Academy for International Education Charter School (the "School") is operated by Miami-Dade Foundation for Educational Innovation, Inc. (MDFEI), 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 not-for-profit corporation Board of Directors, which is composed of no less than three and no more than nine members. The School commenced formal operations on August 1, 2011. The accompanying financial statements present the financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the School as of June 30, 2021, and the respective changes in financial position for the year then ended, and not the financial statements of MDFEI.

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 School Board of Miami-Dade County, Florida (the "School Board"). The current charter is effective until June 30, 2030, and may be renewed by mutual written agreement between the School and the School Board. 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 this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is sponsored by the School Board and is considered to be a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School follows generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Recent accounting pronouncements

The School has adopted guidance issued by the GASB that established fund balance classifications that comprise a hierarchy based primarily on the extent to which an entity is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This guidance improves the usefulness of fund balance information by clarifying the definitions of existing governmental fund types and providing additional classifications of fund balance.

**ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 (Continued)

Basis of presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. These statements report all activities of the School and its component units, and do not include fiduciary funds. Any internal interfund activity has been eliminated from these financial statements. The statement of net position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. 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 capital grants specific to capital outlay, other grants, and charges to recipients for goods and services associated with programs. Other revenue sources not properly included with program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 (Continued)

Governmental Funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Capital Projects Fund – to account for the financial resources accumulated that are restricted for capital outlays. For the year ended June 30, 2021, no such activity occurred.
- Special Revenue Fund – to account for the proceeds of specific revenue sources restricted by law or administrative action to expenditure for specific purposes.
- Debt Service Fund – to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

For purposes of these statements, the general fund is considered the major fund, and the debt service fund and special revenue funds are considered nonmajor funds.

Basis of accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year 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. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and balance sheet - governmental funds, and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

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JUNE 30, 2021 (Continued)

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 and purchased services).

Deposits and investments

The School maintains its cash accounts in a financial institution subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, MDFEI is entitled to aggregate coverage of \$250,000. As of June 30, 2021, MDFEI had deposits with custodial credit risk exposure in excess of FDIC coverage totaling approximately \$845,000.

The School has not formally adopted an investment policy regarding custodial credit risk; however, Management of the School believes the stability and financial strength of the financial institution significantly reduces the custodial credit risk.

Capital assets, depreciation and amortization

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Capital assets reflected on the statement of net position are reported at cost, or at the acquisition value of the assets if received via a gift, and net of accumulated depreciation and amortization. For purposes of recording capital assets, the School has a capitalization threshold of \$1,000. Certain bulk capital asset purchases with individual assets that are less than \$1,000 may also be capitalized depending on materiality.

The School considers that capital assets are used primarily by the instructional and school administration function and has derived an allocation percentage of 80% and 20%, respectively, for such functions. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Leasehold improvements	4 – 11
Furniture, fixtures and equipment	4 – 10

The estimated useful life of leasehold improvements is the lesser of the asset's respective useful life or the remaining term of the lease.

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JUNE 30, 2021 (Continued)

Income taxes

Miami-Dade Foundation for Educational Innovation, Inc. ("MDFEI") is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. MDFEI has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. MDFEI assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that MDFEI believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service ("IRS") or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the School's financial statements, as MDFEI believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same "more likely than not" measurement threshold.

Revenue sources

Revenues for current operations are received primarily from the School Board of Miami-Dade County, Florida pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education ("FDOE") by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the Florida Education Finance Program ("FEFP"). Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. This administrative fee is calculated on the FEFP revenue up to 250 students. The administrative fee charged by the School Board during the year ended June 30, 2021, was approximately \$94,000.

Revenues received from the School Board of Miami-Dade County, Florida are recognized when considered earned, which is generally in the month the moneys are received.

The School may receive federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For 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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 (Continued)

Net Position and Fund Balance Classifications

Government-wide financial statements

Net position is classified and displayed in three components:

1. Net investment in capital assets – consists of capital assets net of accumulated depreciation and amortization and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
2. Restricted net position – consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. Management believes there are no restrictions on net position.
3. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

Generally accepted accounting principles define the different types of fund balances that a governmental entity must use for financial reporting purposes. Fund balance amounts are to be properly reported within one of the fund balance categories listed below:

1. Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans, and notes receivable, and property held for sale (unless the proceeds are restricted committed or assigned). All nonspendable fund balances at year end relate to assets not in spendable form.
2. Restricted – fund balance associated with amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2021, the School did not have any restricted fund balances.
3. 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, 2021, the School did not have any committed fund balances.
4. Assigned – fund balance classification includes amounts 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, 2021, the School did not have assigned fund balances.
5. Unassigned – fund balance classification is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 (Continued)

Fund balance spending policy

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, and then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the School's board of directors. There are no minimum fund balance requirements for any of the School's funds.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The School has no items that meet this criterion. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School has no items that meet this criterion.

Interfund Activity

From time to time, the School may have interfund activity. This activity is eliminated in the government wide financial statements.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 (Continued)

NOTE – 2 CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Leasehold improvements	\$ 828,469	\$ 204,021	\$ -	\$ 1,032,490
Furniture and equipment	555,076	235,422	-	790,498
Construction in progress	<u>-</u>	<u>2,106</u>	<u>-</u>	<u>2,106</u>
Total capital assets	<u>1,383,545</u>	<u>441,549</u>	<u>-</u>	<u>1,825,094</u>
Less accumulated depreciation and amortization				
Leasehold improvements	(332,205)	(103,975)	-	(436,180)
Furniture and equipment	<u>(230,267)</u>	<u>(124,975)</u>	<u>-</u>	<u>(355,242)</u>
Total accumulated depreciation and amortization	<u>(562,472)</u>	<u>(228,950)</u>	<u>-</u>	<u>(791,422)</u>
Governmental activities capital assets, net	<u>\$ 821,073</u>	<u>\$ 212,599</u>	<u>\$ -</u>	<u>\$ 1,033,672</u>

The increases to the leasehold improvements included approximately \$195,000 for assets that had not been placed in service at June 30, 2021; accordingly, no depreciation was recorded for such items during the year. These assets are expected to be placed in service for the year ending June 30, 2022.

Depreciation and amortization expense were charged to functions as follows:

Governmental activities:	
Instruction	\$ 183,160
School administration	<u>45,790</u>
Total depreciation and amortization	<u>\$ 228,950</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 (Continued)

NOTE – 3 NONCURRENT LIABILITIES

Activity pertaining to noncurrent liabilities for the year ended June 30, 2021, consisted of the following:

Due to Miami-Dade County School Board

During the year ended June 30, 2021, the School decreased its noncurrent liabilities because of payments to the School Board pertaining to the financing of certain leasehold improvements made in prior years. The School is paying the School Board over a period of four years. The School Board has not provided terms for this financing to the School.

In June 2021, the School Board agreed to allow the School to postpone the payment of the School Board's management fee for the year ended June 30, 2021, of \$167,640 (Note 8). The amount due is to be paid in five annual installments of \$33,528, beginning in June in 2022 through June 2026. The School Board may deduct amounts due from the July FEFP payments if they do not receive the required installment by the due date.

Loan – Paycheck Protection Program

In April 2020, the School received a Paycheck Protection Program loan. The loan was guaranteed by the Small Business Administration (SBA). The School submitted a loan forgiveness application, which demonstrated that it incurred eligible expenses. The School was notified that the loan was forgiven in November 2020.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 (Continued)

The following summarizes the activity for the noncurrent liabilities during the year ended June 30, 2021:

	1) Leasehold Improvement Payable - Modulars	2) Deferred Management Fee	Loan – Paycheck Protection Program	Total
Balance outstanding at beginning of year	\$ 99,796	\$ -	\$ 414,701	\$ 514,497
Additions	-	167,640	-	167,640
Reductions	(50,000)	-	(414,701)	(464,701)
Balance outstanding at end of year	<u>\$ 49,796</u>	<u>\$ 167,640</u>	<u>\$ -</u>	<u>\$ 217,436</u>
Amount due within one year	<u>\$ 49,796</u>	<u>\$ 33,528</u>	<u>\$ -</u>	<u>\$ 83,324</u>

All expenditures for debt service pertaining to noncurrent liabilities are paid out of the debt service fund. The general fund transfers to the debt service fund the required amounts necessary to fund the debt service expenditures.

The following table summarizes the School's future debt service as of June 30, 2021:

Year ending June 30,	
2022	\$ 83,324
2023	33,528
2024	33,528
2025	33,528
2026	33,528
Total	<u>\$ 217,436</u>

The School does not expect to incur any interest expense in connection with the noncurrent liabilities.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 (Continued)

NOTE – 4 STATE AND PROGRAM REVENUES

The following is a schedule of state revenue sources for the year ended June 30, 2021:

Florida Education Finance Program	\$ 2,357,711
Class size reduction	503,121
SAFE Schools	27,178
FL Teachers Classroom Supply	8,400
Teacher Salary Increase Allocation	68,237
Other	5,575
Total	<u>\$ 2,970,222</u>

The following is a schedule of program revenues which offset expenses reported on the statement of activities for the year ended June 30, 2021:

Program Revenues - Federal:	
Title I	\$ 191,124
Title III	3,896
Title IV	11,846
Cares Act Grants - Various	550,948
Total	<u>757,814</u>
Program Revenues - Local	<u>22,807</u>
Total Program Revenues	<u>\$ 780,621</u>

These program revenues offset the given functions as they are directly connected with those respective functions.

NOTE – 5 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property insurance coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settlement amounts have historically not exceeded insurance coverage. In addition, for the year ended June 30, 2021, there were no reductions in insurance coverage from those in the prior year.

NOTE – 6 TRANSACTIONS WITH THE UPPER SCHOOL

The School has transactions with Academy for International Education Upper School for Science and Technology (the "Upper School"). The Upper School is an affiliated School that is also operated by MDFEI and shares the facility and certain educational and administrative costs with the School,

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 (Continued)

including rent and certain personnel. The allocation of expenses between the School and the Upper School is based on use of space and effort calculations as determined by the management of both schools. As of June 30, 2021, the School was owed approximately \$301,000 from the Upper School for advances and payments the School paid on the Upper School's behalf.

NOTE – 7 COMMITMENTS AND CONTINGENT LIABILITIES

The School receives a majority of its funding from the School Board under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School from time to time may participate in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of Management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures, which may be disallowed by federal or state grantor agencies, would not be material to the financial position of the School.

Legal matters

In the normal course of conducting its operations, the School may become party to legal actions and proceedings. In the opinion of Management, the ultimate resolution of such legal matters, if any, will not have a significant adverse effect on the accompanying financial statements.

Lease commitments

MDFEI leases the School's facilities, inclusive of all classrooms, parking and ancillary spaces, located in Miami Springs, Florida from the School Board. The lease has been amended to extend the term through June 30, 2034. MDFEI's obligation under the lease is the proportionate share of the facility's operating expenses. Pursuant to the lease agreement, the amount of the operating expense is adjusted to the preceding year's reported actual cost per square foot for these services. For the year ended June 30, 2021, MDFEI's lease payment obligation was based on the base operating expenses for a recent period as calculated from time to time by the School Board. The lease payment obligation is split between the School and the Upper School (see Note 6).

The School's total expense related to MDFEI's lease with the School Board during the year ended June 30, 2021, was approximately \$126,000, and is included in the accompanying financial statements under the caption operation of plant.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 (Continued)

The following is a schedule of estimated future minimum lease payments for MDFEI as of June 30, 2021:

Year ending June 30,	
2022	\$ 257,532
2023	257,532
2024	257,532
2025	257,532
2026	257,532
2027 - 2031	1,287,660
2032 - 2034	772,596
Total	<u>\$ 3,347,916</u>

The above amounts reflected for the lease with the School Board are based on current calculated operating cost amounts based on square footage currently being occupied by MDFEI. The School is allocated a portion of MDFI's lease costs, which is currently 50% based on the number of classrooms occupied by the School. The remaining lease costs are allocated to the Upper School.

NOTE – 8 MANAGEMENT AGREEMENT

The School has a management agreement ("Agreement") with the School Board to provide management and administration services to the School. The Agreement is in effect through June 30, 2030. The management fee under the Agreement is \$440 per K-8 full-time equivalent student up to 400 students, and \$110 for each student thereafter. For the year ended June 30, 2021, management fees totaled approximately \$168,000 and are included in the accompanying financial statements under the caption of general administration expense/expenditure. The School Board agreed to postpone the payment of the management fees. Refer to Note 3 for additional information on the postponement.

NOTE – 9 DEFINED CONTRIBUTION PLAN

The School's employees are eligible to participate in a 401(k) Profit Sharing Plan ("the Plan"), which was made available by the School's payroll provider. The Plan is considered a Defined Contribution Plan and is available to employees that meet certain eligibility criteria. The name of the Plan is Miami-Dade Foundation 401(k) Profit Sharing Plan & Trust. For the year ended June 30, 2021, the School did not contribute to the Plan.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 (Continued)

NOTE – 10 INTERFUND TRANSFERS

The following is a schedule of interfund transfers for the year ended June 30, 2021:

Purpose	<u>General Fund</u>	<u>Debt Service Fund</u>
Transfer from General Fund to Debt Service Fund for payment of debt service	<u>\$ (50,000)</u>	<u>\$ 50,000</u>

NOTE – 11 COVID-19

The School's enrollment has not been impacted as a result of COVID-19, however, there may be additional expenditures associated with COVID-19 related costs that may be incurred for the 2021-2022 school year. Management of the School is unable to determine the duration and extent of the financial impact that COVID-19 will have on the School.

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Original	Budgeted Final	GAAP Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Federal through state - grants	\$ 74,674	\$ 790,459	\$ -	\$ (790,459)
State sources	2,920,932	2,955,389	2,970,222	14,833
Contributions, local source and other	18,000	18,910	47,449	28,539
Total revenues	<u>3,013,606</u>	<u>3,764,758</u>	<u>3,017,671</u>	<u>(747,087)</u>
EXPENDITURES				
Current:				
Instruction	1,617,215	2,086,282	1,487,344	598,938
Student support services	116,482	123,274	77,400	45,874
Instruction-related technology	20,000	25,300	3,366	21,934
Professional development	2,000	-	750	(750)
Board	37,000	55,500	24,702	30,798
General administration	266,997	92,937	261,680	(168,743)
School administration	370,848	479,063	391,163	87,900
Facilities acquisition and construction	-	197,400	-	197,400
Fiscal services	46,273	44,329	28,325	16,004
Central services	3,000	4,800	7,874	(3,074)
Pupil transportation	1,500	500	-	500
Operation of plant	508,913	358,430	323,203	35,227
Community services	-	-	1,371	(1,371)
Capital outlay	-	-	252,799	(252,799)
Total expenditures	<u>2,990,228</u>	<u>3,467,815</u>	<u>2,859,977</u>	<u>607,838</u>
Excess of revenues over expenditures	23,378	296,943	157,694	(139,249)
Other financing sources				
Proceeds from due to The School Board of Miami-Dade County, Florida	-	-	167,640	167,640
Transfers in	-	-	-	-
Transfers out	-	-	(50,000)	(50,000)
Total other financing sources	<u>-</u>	<u>-</u>	<u>117,640</u>	<u>117,640</u>
Net changes in fund balance	<u>\$ 23,378</u>	<u>\$ 296,943</u>	275,334	<u>\$ (21,609)</u>
Fund balance at beginning of year			<u>1,018,770</u>	
Fund balance at end of year			<u>\$ 1,294,104</u>	

See report of independent auditors and notes to budgetary comparison schedule.

ACADEMY FOR INTERNATIONAL EDUCATION CHARTER SCHOOL

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)

FOR THE YEAR ENDED JUNE 30, 2021

NOTES TO BUDGETARY COMPARISON SCHEDULE

The School's budgets presented in the accompanying budgetary comparison schedule are annually adopted and prepared using the modified accrual basis of accounting. Amendments to the School's budgets can only be made with the approval of the board of directors. For the budget, the School does not use a capital outlay function, instead, the School will budget capital outlay expenditures primarily using budgetary functions for instruction, instruction-related technology, and facilities acquisition and construction. Under generally accepted accounting principles in the United States of America (GAAP), actual capital outlay expenditures are to be reported separately from such functions, which may result in variances in the budgetary comparison schedule if such budgetary functions include capital outlay expenditures. In addition, the School combined the special revenue funds with the general fund for budgeting purposes. Below is a budgetary comparison schedule for all combined governmental funds:

	Budgeted Original	Budgeted Final	Total Governmental Funds GAAP Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Federal through state - grants	\$ 74,674	\$ 790,459	\$ 757,814	\$ (32,645)
State sources	2,920,932	2,955,389	2,970,222	14,833
Contributions, local source and other	18,000	18,910	70,256	51,346
Total revenues	<u>3,013,606</u>	<u>3,764,758</u>	<u>3,798,292</u>	<u>33,534</u>
EXPENDITURES				
Current:				
Instruction	1,617,215	2,086,282	1,855,887	230,395
Student support services	116,482	123,274	203,284	(80,010)
Instruction-related technology	20,000	25,300	3,366	21,934
Professional development	2,000	-	750	(750)
Board	37,000	55,500	24,702	30,798
General administration	266,997	92,937	261,680	(168,743)
School administration	370,848	479,063	408,589	70,474
Facilities acquisition and construction	-	197,400	-	197,400
Fiscal services	46,273	44,329	28,325	16,004
Central services	3,000	4,800	7,874	(3,074)
Pupil transportation	1,500	500	-	500
Operation of plant	508,913	358,430	403,221	(44,791)
Community services	-	-	1,371	(1,371)
Debt service	-	-	50,000	(50,000)
Capital outlay	-	-	441,549	(441,549)
Total expenditures	<u>2,990,228</u>	<u>3,467,815</u>	<u>3,690,598</u>	<u>(222,783)</u>
Excess of revenues over expenditures	23,378	296,943	107,694	(189,249)
Other financing sources				
of Miami-Dade County, Florida	-	-	167,640	167,640
Transfers in	-	-	50,000	50,000
Transfers out	-	-	(50,000)	(50,000)
Total other financing sources	<u>-</u>	<u>-</u>	<u>167,640</u>	<u>167,640</u>
Net changes in fund balance	<u>\$ 23,378</u>	<u>\$ 296,943</u>	<u>\$ 275,334</u>	<u>\$ (21,609)</u>

Sotolongo & Associates, P.A.

Certified Public Accountants

Report of Independent Auditors 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*

To the Board of Directors of
Academy for International Education Charter School
Miami Springs, 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 accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Academy for International Education Charter School (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2021, 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 10, 2021.

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) as a basis for designing 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 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 of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Sotolongo & Associates, P.A." in a cursive script.

Miami, Florida
September 10, 2021

ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE FLORIDA AUDITOR GENERAL,
CHAPTER 10.850, *AUDITS OF CHARTER SCHOOLS AND SIMILAR
ENTITIES, THE FLORIDA VIRTUAL SCHOOL, AND VIRTUAL
INSTRUCTION PROGRAM PROVIDERS*

Sotolongo & Associates, P.A.

Certified Public Accountants

To the Board of Directors of
Academy for International Education Charter School
Miami Springs, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Academy for International Education Charter School, a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2021, and have issued our report thereon dated September 10, 2021.

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 10, 2021, 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 in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the School is Academy for International Education Charter School. The name of the not-for-profit entity that operates the School is Miami-Dade Foundation for Educational Innovation, Inc. The school code assigned to the school is 13-5044.

Financial Condition and Management

Section 10.854(1)(e)2. and 10.855(11) Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not the Academy for International Education Charter 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 Academy for International Education Charter 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 Academy for International Education Charter School. It is management's responsibility to monitor the Academy for International Education Charter 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. We performed the financial condition assessment procedures for the year ended June 30, 2021, which included calculation and analysis of certain financial indicators we considered relevant to the School. No deteriorating financial condition was noted as a result of this assessment.

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 us to apply appropriate procedures and communicate the results of our determination as to whether the Academy for International Education Charter 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 Academy for International Education Charter School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

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, applicable management, and the School Board of Miami-Dade County and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Sotolongo & Associates, P.A." The signature is written in a cursive, flowing style.

Miami, Florida
September 10, 2021