LATIN BUILDERS ASSOCIATION CONSTRUCTION AND BUSINESS MANAGEMENT ACADEMY A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORTS THEREON

FOR THE PERIOD FROM JULY 1, 2019 TO NOVEMBER 29, 2019

TABLE OF CONTENTS

	Page
Report of Independent Auditors on Basic Financial Statements and Supplementary Information	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position – Fiduciary Funds	16
Notes to Financial Statements	17-31
Other Required Supplementary Information:	
Budgetary Comparison Schedule	32-33
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*	34-36
Additional Information Required by Rules of the Florida Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities, Florida Virtual School, and Virtual School Instruction Program Providers:*	
Management Letter	37-41

Report of Independent Auditors on Basic Financial Statements and Supplementary Information

To the Board of Directors of
Latin Builders Association Construction
and Business Management Academy
Hialeah Gardens, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Latin Builders Association Construction and Business Management Academy (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida, as of November 29, 2019, and for the period from July 1, 2019 to November 29, 2019, 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, each major fund, and the aggregate remaining fund information of Latin Builders Association Construction and Business Management Academy as of November 29, 2019, and the respective changes in financial position thereof for the period from July 1, 2019 to November 29, 2019, in accordance with accounting principles generally accepted in the United States of America.

Substantial Doubt About The LBA Children & Families Foundation, Inc.'s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the School's operator, The LBA Children & Families Foundation, Inc. will continue as a going concern. As discussed in Note 1 to the financial statements, On November 12, 2019, the Board of Directors of The LBA Children & Families Foundation, Inc. (the not for profit entity that operates the School), voted to voluntarily rescind the School's charter contract with the School Board of Miami-Dade County and cease all School operations on November 29, 2019. The School was the main source of revenue for The LBA Children & Families Foundation, Inc. The Board of Directors of The LBA Children & Families Foundation, Inc. is currently in the process of trying to sublease the School's former facility in order to generate revenue to pay the lease and other remaining liabilities. Management's evaluation of the events and conditions and Management's plans regarding those matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. 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 schedule on pages 3-9, and 32-33, 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 March 16, 2020, on our consideration of Latin Builders Association Construction and Business Management Academy'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 Latin Builders Association Construction and Business Management Academy's internal control over financial reporting and compliance.

Sotolongo & Associates, P.A.

March 16, 2020

8231 SW 29 Street Miami, Florida 33155
Telephone: (305) 776-5778; Facsimile: (305) 262-8985;
E-mail: sotolongocpa@yahoo.com; website: www.sotolongocpa.com

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Latin Builders Association Construction and Business Management Academy (the "School") presents Management's Discussion and Analysis, which is intended to provide an overview of the School's financial position as of November 29. 2019, and changes in its financial position for the period from July 1, 2019 to November 29, 2019.

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

SCHOOL CLOSING

On November 12, 2019, the Board of Directors of The Latin Builders Association Children & Families Foundation, Inc. (the not for profit entity that operates the School), voted to voluntarily rescind the School's charter contract with the School Board of Miami-Dade County and cease all School operations on November 29, 2019. This financial report is being prepared in order to adhere to Florida Statutes 1002.33(9)(o)(2), which requires that a charter school complete an independent audit within 30 days after a notice of nonrenewal, closure, or termination to account for public funds and assets.

FINANCIAL HIGHLIGHTS

The following are among the School's major financial highlights:

- The School ceased charter school operations on November 29, 2019.
- At November 29, 2019, the School had a total net position deficit of $667,976.
- At November 29, 2019, the School had current assets of approximately $35,000.
- For the period from July 1, 2019 to November 29, 2019, the School's expenses exceeded revenues by approximately $713,000.

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.

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 – except fiduciary	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net position Statement of activities	Balance sheet 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 period, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the period; expenditures when goods or services have been received and payment is due during the period 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 period'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 has 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 are legally restricted to expenditures for particular purposes.

- *Debt Service Fund* – accounts for accumulation of resources for, and the payment of, general long-term debt principal and interest.

- *Capital Projects Fund* – accounts for the financial resources accumulated that are restricted for capital outlays.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The following table provides the School's net position as of November 29, 2019 and June 30, 2019:

	Governmental Activities		Increase
	11/29/2019	6/30/2019	(Decrease)
Current and other assets	$ 34,621	$ 41,386	$ (6,765)
Capital assets, net	-	659,725	(659,725)
Security deposit	9,408	9,408	-
Total assets	44,029	710,519	(666,490)
Current liabilities	92,523	26,650	65,873
Noncurrent liability - due within one year	49,322	48,549	773
Noncurrent liability - due in more than one year	570,160	590,261	(20,101)
Total liabilities	712,005	665,460	46,545
Net position:			
Net investment in capital assets	-	189,093	(189,093)
Unrestricted	(667,976)	(144,034)	(523,942)
Total net position	$ (667,976)	$ 45,059	$ (713,035)

Current and other assets of the School, which primarily consist of cash, decreased as a result of the decrease in net position. The decrease in capital assets was primarily due to depreciation expense and the write off of the remaining assets of the School, as a result of the School's closing. Salaries payable and other accrued expenses increased due to payments that remain due as of the date of closure related to various vendors.

Change in Net Position

The following table compares the changes in the School's net position from its activities for the period from July 1, 2019 to November 29, 2019, and the year ended June 30, 2019:

Governmental Activities			Amount Increase
Revenues:	Period from 7/1/19 - 11/29/19	Year Ended 06/30/19	(Decrease)
Federal sources	$ 19,715	$ 31,216	$ (11,501)
State sources	324,787	939,871	(615,084)
Contributions and other revenue	9,600	85,334	(75,734)
Total revenues	354,102	1,056,421	(702,319)
Expenses:			
Instruction	132,405	477,338	(344,933)
Instructional support services	-	11,575	(11,575)
Instruction-related technology	-	41,790	(41,790)
General administration	12,875	42,990	(30,115)
Board and fiscal services	15,000	22,508	(7,508)
School administration	67,476	192,938	(125,462)
Central services	9,502	16,825	(7,323)
Pupil transportation	27,900	80,325	(52,425)
Operation and maintenance of plant	131,901	245,797	(113,896)
Interest - bank loan	8,440	21,596	(13,156)
Interest on due to related party	1,915	4,597	(2,682)
Loss on impairment of capital assets	617,173	-	617,173
Unallocated depreciation	42,552	-	42,552
Total expenses	1,067,139	1,158,279	(91,140)
Change in net position	$ (713,037)	$ (101,858)	$ (611,179)

All of the revenues and expenses decreased due to the School's closure. The loss on impairment of capital assets was recorded as the School closed, so the capital assets do not have any remaining service utility for the School.

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 period, its governmental funds reported a combined fund balance deficit of $57,902. The decrease in the School's fund balance resulted primarily from a lack of enrollment related revenue to cover budgeted expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of November 29, 2019, the School did not have any capital assets. Management wrote off the capital assets as a result of the School's closure. More detailed information about the School's capital assets is presented in Note 2 to the financial statements.

Debt Administration

As of November 29, 2019, the School had total liabilities of approximately $712,000, most of which are associated with the bank loan and related party loans. More detailed information about the School's noncurrent debt is presented in Notes 7 and 8 to the financial statements.

BUDGET AND CLOSE OF SCHOOL

For the year ending June 30, 2020, the School's original budget showed an increase in total fund balances of $35,106. the School was working with its Educational Service Provider, Academica Dade, LLC, ("Academica") (Note 6), on a pro bono basis, in implementing a plan to achieve the projected enrollment and meet its budget surplus. The School's Board of Directors approved the budget with the expectation of a projected enrollment of 142 students. One of the School's plans to achieve the projected enrollment was a move to a nearby location. After a further review by the Board of Directors, it was determined that the charter amendment needed to move to the nearby location was not feasible. As a result, on November 12, 2019, the Board of Directors of The LBA Children & Families Foundation, Inc. voted to voluntarily rescind the School's charter contract with the School Board of Miami-Dade County and cease all School operations on November 29, 2019.

The Board of Directors is currently trying to sublease the facility (the School's lease is described in Note 5 to the financial statements). The Board of Directors plans to use the sublease rental income to pay off the lease and the other remaining liabilities. The Board of Directors is also currently working with the bank to modify the bank loan.

LATIN BUILDERS ASSOCIATION CONSTRUCTION AND BUSINESS MANAGEMENT ACADEMY
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF NET POSITION

NOVEMBER 29, 2019

		Governmental Activities
ASSETS		
Cash		$ 11,927
Receivables – capital outlay and other		18,694
Due from internal funds		4,000
Security deposit		9,408
Total assets		$ 44,029
LIABILITIES		
Accounts payable and other accrued expenses		$ 70,023
Due to Related Party		22,500
Noncurrent liability:		
Due within one year:		
Bank loan	$ 49,322	
Due in more than one year:		
Deferred lease obligation	90,193	
Bank loan	357,506	
Due to Related Party	102,151	
Accrued interest related party	20,310	
Total noncurrent liability		619,482
Total liabilities		712,005
NET POSITION		
Unrestricted		(667,976)
Total net position		(667,976)
Total liabilities and net position		$ 44,029

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

LATIN BUILDERS ASSOCIATION CONSTRUCTION AND BUSINESS MANAGEMENT ACADEMY
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE PERIOD FROM JULY 1, 2019 TO NOVEMBER 29, 2019

Governmental activities:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net position: Governmental Activities	Net (Expense) Revenue and Changes in Net position: Total
Instruction	$ 132,405	$ -	$ 19,715	$ -	$ (112,690)	$ (112,690)
General administration	12,875	-	-	-	(12,875)	(12,875)
Board and fiscal services	15,000	-	-	-	(15,000)	(15,000)
School administration	67,476	-	-	-	(67,476)	(67,476)
Central services	9,502	-	-	-	(9,502)	(9,502)
Pupil transportation	27,900	-	-	-	(27,900)	(27,900)
Operation and maintenance of plant	131,901	-	-	34,586	(97,315)	(97,315)
Interest - bank loan	8,440	-	-	-	(8,440)	(8,440)
Interest on due to related party	1,915	-	-	-	(1,915)	(1,915)
Loss on impairment of capital assets	617,173	-	-	-	(617,173)	(617,173)
Unallocated depreciation	42,552	-	-	-	(42,552)	(42,552)
Total governmental activities	$ 1,067,139	$ -	$ 19,715	$ 34,586	(1,012,838)	(1,012,838)
General revenues:						
State sources					290,201	290,201
Contributions and other revenue					9,600	9,600
Total general revenues					299,801	299,801
Change in net position					(713,037)	(713,037)
Net position at beginning of year					45,061	45,061
Net position at end of year					$ (667,976)	$ (667,976)

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

LATIN BUILDERS ASSOCIATION CONSTRUCTION AND BUSINESS MANAGEMENT ACADEMY
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

BALANCE SHEET – GOVERNMENTAL FUNDS

NOVEMBER 29, 2019

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	$ 11,927	$ -	$ 11,927
Receivables – capital outlay and other	11,759	6,935	18,694
Due from capital projects fund	6,935	-	6,935
Due from internal funds	4,000	-	4,000
Total assets	$ 34,621	$ 6,935	$ 41,556
LIABILITIES AND FUND BALANCE			
Due to general fund	$ -	$ 6,935	$ 6,935
Accounts payable and other accrued expenses	70,023	-	70,023
Due to Related Party	22,500	-	22,500
Total liabilities	92,523	6,935	99,458
Fund balance:			
Nonspendable	-	-	-
Unassigned	(57,902)	-	(57,902)
Total fund balance	(57,902)	-	(57,902)
Total liabilities and fund balance	$ 34,621	$ 6,935	$ 41,556

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

LATIN BUILDERS ASSOCIATION CONSTRUCTION AND BUSINESS MANAGEMENT ACADEMY 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

NOVEMBER 29, 2019

Total fund balance – governmental fund		$ (57,902)
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:	$ -	
Related accumulated depreciation and amortization is:	-	
Total capital assets, net		-
Security deposit on leasehold property		9,408
Noncurrent liabilities are not due and payable in the current period, and, therefore, are not reported in the government funds. Those liabilities consist of:		
Deferred lease obligation	(90,193)	
Bank loan	(406,828)	
Due to Related Party	(102,151)	
Accrued interest related party	(20,310)	
		(619,482)
Total net position – governmental activities		$ (667,976)

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

LATIN BUILDERS ASSOCIATION CONSTRUCTION AND BUSINESS MANAGEMENT ACADEMY
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 PERIOD FROM JULY 1, 2019 TO NOVEMBER 29, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
Federal sources	$ -	$ 19,715	$ -	$ -	$ 19,715
State sources	290,201	-	-	34,586	324,787
Contributions and other revenue	9,600	-	-	-	9,600
Total revenues	299,801	19,715	-	34,586	354,102
EXPENDITURES					
Current:					
Instruction	112,690	19,715	-	-	132,405
General administration	12,875	-	-	-	12,875
Board and fiscal services	15,000	-	-	-	15,000
School administration	67,476	-	-	-	67,476
Central services	9,502	-	-	-	9,502
Pupil transportation	27,900	-	-	-	27,900
Operation and maintenance of plant	134,338	-	-	-	134,338
Debt service:					
Principal - bank loan	-	-	18,804	-	18,804
Interest - bank loan	-	-	8,440	-	8,440
Total expenditures	379,781	19,715	27,244	-	426,740
Excess (Deficiency) of revenues over (under) expenditures	(79,980)	-	(27,244)	34,586	(72,638)
Other financing sources					
Transfers in	34,586	-	27,244	-	61,830
Transfers out	(27,244)	-	-	(34,586)	(61,830)
Other financing sources, net	7,342	-	27,244	(34,586)	-
Net changes in fund balances	(72,638)	-	-	-	(72,638)
Fund balance at beginning of year	14,736	-	-	-	14,736
Fund balance at end of year	$ (57,902)	$ -	$ -	$ -	$ (57,902)

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

LATIN BUILDERS ASSOCIATION CONSTRUCTION AND BUSINESS MANAGEMENT ACADEMY 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 PERIOD FROM JULY 1, 2019 TO NOVEMBER 29, 2019

Net changes in fund balances – total governmental funds		$ (72,638)
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 and allocated to functions.		
The amount by which depreciation and amortization expense exceeds capital outlays is calculated as follows:		
Capital outlays	$ -	
Loss on impairment of capital assets	(617,173)	
Depreciation and amortization expense	(42,552)	
		(659,725)
Obtaining noncurrent debt provides current financial resources to governmental funds, while the repayment of the principal of noncurrent debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these transactions is as follows:		
Deferred lease obligation	2,437	
Interest on due to related party	(1,915)	
Repayment of noncurrent debt principal	18,804	
		19,326
Change in net position of governmental activities		$ (713,037)

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

LATIN BUILDERS ASSOCIATION CONSTRUCTION AND BUSINESS MANAGEMENT ACADEMY A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

STATEMENT OF NET POSITION – FIDUCIARY FUNDS

NOVEMBER 29, 2019

Assets	
Cash	$ 11,793
Liabilities	
Due to General Fund	$ 4,000
Due to students and activities	7,793
Total Liabilities	11,793
Net Position	$ -

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

LATIN BUILDERS ASSOCIATION CONSTRUCTION AND BUSINESS MANAGEMENT ACADEMY A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

NOVEMBER 29, 2019

NOTE – 1 ORGANIZATION, GOING CONCERN, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Going Concern

Latin Builders Association Construction and Business Management Academy (the "School") was operated by The LBA Children & Families Foundation, Inc. (LBACFF), 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 was the not-for-profit corporation's Board of Directors. The School commenced formal operations for the fiscal year ended June 30, 2013.

For the year ending June 30, 2020, the School was working with its Educational Service Provider, Academica Dade, LLC, ("Academica") (Note 6), on a pro bono basis, in implementing a plan to achieve the projected enrollment and meet its budget surplus. The School's Board of Directors approved the budget with the expectation of a projected enrollment of 142 students. One of the School's plans to achieve the projected enrollment was a move to a nearby location. After a further review by the Board of Directors, it was determined that the charter amendment needed to move to the nearby location was not feasible. As a result, on November 12, 2019, the Board of Directors of LBACFF voted to voluntarily rescind the School's charter contract with the School Board of Miami-Dade County and cease all School operations on November 29, 2019. This financial report is being prepared in order to adhere to Florida Statutes 1002.33(9)(o)(2), which requires that a charter school complete and independent audit within 30 days after a notice of nonrenewal, closure, or termination to account for public funds and assets.

For the period from July 1, 2019 to November 29, 2019, (the "School's Closure") the School incurred substantial operating losses. As of November 29, 2019, current liabilities exceeded current assets by $57,902 and total liabilities exceeded total assets by $667,976. The School was the main source of revenue for the operator. Those factors, as well as the uncertain conditions regarding the School's lease and loan agreements, create substantial doubt about LBACFF's ability to continue as a going concern for the year following the date the financial statements were available to be issued. The Board of Directors has evaluated these conditions and is currently trying to sublease the School's former facility (Note 5).

The Board of Directors plans to use the sublease rental revenue to pay off the lease and other remaining liabilities. The Board of Directors is currently working with the bank to modify the existing bank loan

The LBACFF's ability to continue as a going concern and meet its obligations as they become due is dependent on the success of the Board of Director's plans. The financial statements do not include any adjustments that might be necessary if LBACFF is not able to continue as a going concern.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operated under a charter of the sponsoring school district, the School Board of Miami-Dade County, Florida (the "School Board"). During year ended June 30, 2016, the charter was renewed for 10 years until June 30, 2026. As a result of the rescinding 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 was sponsored by the School Board and was 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.

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, which include the statement of net position and the statement of activities, report all activities of the School and its component units and do not include fiduciary funds. The statement of net position includes all of the School's assets and liabilities. The statement of activities includes all of the current period's revenues and expenses 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, operating grants and contributions, 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:

Governmental Funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Special Revenue Fund – to account for the proceeds of specific revenue sources, such as grants that are restricted by law or administrative action to expenditure for specific purposes.
- Debt Service Fund – accounts for accumulation of resources for, and the payment of, general long-term debt principal and interest.
- Capital Projects Fund – to account for the financial resources accumulated that are restricted for capital outlays.

For purposes of these statements, the general fund and the capital projects fund constitute the major funds. The special revenue fund and debt service funds are considered non-major 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 period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal period. 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.

Budgetary basis accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal period, expenditures were controlled at the object level (e.g., salaries and purchased services).

Deposits and investments

The School maintains its cash accounts in financial institutions subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, the School is entitled to aggregate coverage of $250,000 per financial institution. As of November 29, 2019, the School did not have deposits with custodial credit risk exposure in excess of FDIC coverage.

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 institutions significantly reduces the custodial credit risk.

Receivables

Receivables consist of amounts due for capital outlay, charter school advanced placement, and Title 1 funding. Management performed an assessment of receivables at November 29, 2019, which was based on its historical collection experience, and determined that an allowance for doubtful accounts was not considered necessary.

Due to and from Government Funds

Interfund receivables and payables arise from interfund transaction and are recorded by all funds affected in the period in which transactions are executed. Interfund activity is eliminated in the government-wide financial statements.

Capital assets, depreciation and amortization

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation and amortization, in the government-wide financial statements. For purposes of recording capital assets, the School had a capitalization threshold of $1,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are generally as follows:

	Years
Furniture, fixtures and equipment	5
Equipment capitalized under capital lease	5

Leasehold improvements are depreciated over the lesser of the asset's respective useful life or the remaining term of the lease.

During the period from July 1, 2019 to November 29, 2019, the School recorded a loss on impairment of capital assets, as such assets are no longer going to be used by the School.

Income taxes

LBACFF 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. Accordingly, no provision for federal income taxes is included in the accompanying financial statements. LBACFF 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. LBACFF 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 LBACFF believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service or the applicable state taxing authority. LBACFF believes all of its tax positions have a greater than 50% chance of realization in the event of an IRS audit. LBACFF has not accrued any interest and or penalties related to income taxes. LBACFF is subject to audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Revenue sources

Revenues for current operations were 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 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 period 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 an 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 based on an applicable percentage of the FEFP revenue up to 250 students. For the period from July 1, 2019 to November 29, 2019, the administrative fee charged by the School Board was $12,875.

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

Revenues from voluntary non-exchange donations and contributions to the School are recognized when the donor's commitment to contribute has been obtained and eligibility has been met.

The School may receive 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.

Net Position and Fund Balance Classifications

Government-wide financial statements
Net position is 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.

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 period 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.

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.

4. Assigned – fund balance classification 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.

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.

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 financial 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 financial 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.

NOTE – 2 CHANGES IN CAPITAL ASSETS

Capital asset activity for the period from July 1, 2019 to November 29, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Furniture and equipment	$ 94,578	$ -	$ (94,578)	$ -
Equipment under capital lease	99,075	-	(99,075)	-
Leasehold improvements	795,351	-	(795,351)	-
Total capital assets at historical cost	989,004	-	(989,004)	-
Less accumulated depreciation and amortization for:				
Furniture and equipment	(30,157)	(1,462)	31,619	-
Equipment under capital lease	(87,694)	(5,322)	93,016	-
Leasehold improvements	(211,428)	(35,768)	247,196	-
Total accumulated depreciation and amortization	(329,279)	(42,552)	371,831	-
Governmental activities capital assets, net	$ 659,725	$ (42,552)	$ (617,173)	$ -

As a result of the School's closure, Management recorded a loss on impairment for the remaining undepreciated capital assets. In November 2019, the School Board of Miami-Dade County gathered the remaining removable capital assets from the School's facility.

NOTE – 3 STATE AND FEDERAL REVENUE

The following are schedules of state and federal revenue sources for the period from July 1, 2019 to November 29, 2019:

State Sources:

Florida Education Finance Program	$	191,783
Instructional materials		5,394
Student Transportation		8,194
Supplemental academic instruction		12,318
ESE guaranteed allocation		2,410
Safe schools		2,430
Class size reduction		35,017
EEC Allocation		123
Reading allocation		1,527
Other		31,005
Total		290,201
Chater School Capital Outlay		34,586
Total State Sources	$	324,787
Federal Programs	$	19,715

The Charter School Capital Outlay and Federal Program revenues shown on the above schedule are considered program revenue. All other revenues listed on the schedule and on the statement of activities are considered general revenues.

NOTE – 4 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverage were provided through purchased commercial insurance with minimum deductibles for each line of insurance coverage. Settlement amounts have historically not exceeded insurance coverage. In addition, for the period from July 1, 2019 to November 29, 2019, there were no reductions in insurance coverage from those in the prior fiscal year.

NOTE – 5 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 different 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 participates 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 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 occasionally becomes party to various legal actions and proceedings. In the opinion of Management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

Lease commitments

During December 2016, the School moved into a location in Hialeah Gardens, Florida. The lease is for a period of ten years and has two five-year renewal options. Pursuant to the lease agreement, the initial twelve months of rent was abated; however, during this period the School was required to pay Common Area Maintenance, as defined in the lease agreement. In the second year of the lease, monthly rent is charged at $9,407 with an annual increase of 1.75% for each additional year thereafter. For the statement of activities, rent expenses pursuant to this lease are measured using the straight-line method over the term of the lease in accordance with GASBS No. 13, paragraph 6. The total expense for this lease during the period from July 1, 2019 to November 29, 2019, was $61,574 and is included under the caption operation and maintenance of plant in the accompanying statement of activities. The statement of net position at November 29, 2019, includes $90,193 pertaining to deferred lease obligations associated with recognizing rent expense using the straight-line method. The accompanying statement of revenues, expenditures and changes in fund balances – governmental funds includes expenditures of $64,013 related to rent payments and Common Area Maintenance paid pursuant to this lease under the caption operation and maintenance of plant. As of the date these financial statements were available to be issued, the School had unpaid rent obligations for the months after November 2019. LBACFF has not been able to sublease the facility as of the date these financial statements were available to be issued.

The following is a schedule of future minimum lease payments, including expected Common Area Maintenance costs, pertaining to non-cancellable operating leases.

Year ending November 29,	Amount
2020	$ 153,021
2021	155,049
2022	157,112
2023	159,211
2024	161,347
2025 - 2027	348,917
Total	$ 1,134,657

NOTE – 6 EDUCATION SERVICE AND SUPPORT PROVIDERS

In May 2019, The LBA Children & Families Foundation, Inc. entered into an educational service provider agreement with Academica. The agreement provided the School with administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of books and records, bookkeeping, budgeting, financial reporting, and virtual education services. The agreement called for a fee per student basis. The initial term of the agreement was for five years commencing on July 1, 2019 through June 30, 2024. The agreement was mutually rescinded in November 2019, retroactive to July 1, 2019. During the period from July 1, 2019 through the date these financial statements were available to be issued, Academica performed the educational service provider services for the School free of charge and without a contract.

NOTE – 7 BANK LOAN

In July 2016, LBACFF executed a loan agreement with a bank for the purpose of financing the construction of the leasehold improvements for the School's current facility. The loan amount was originally $400,000 and was increased by $157,000. The total of the amount borrowed was $557,000. The term of the loan is for five years and is to be repaid in monthly payments of principal and interest based on a ten-year amortization schedule. A balloon payment of the outstanding principal and interest shall be due at maturity. The loan has an annual fixed rate of 4.75%. The proceeds of the loan were used by the School to pay for costs associated with leasehold improvements and acquisitions of school furniture and school equipment for the new facility. The loan is secured by substantially all of the assets of the School.

The following summarizes the noncurrent debt activity pertaining to the related party liability (Note 8) and bank loan during the period from July 1, 2019 to November 29, 2019:

	Due to Related Party	Bank Loan	Total
Balance outstanding at beginning of year	$ 102,151	$ 425,632	$ 527,783
Additions	-	-	-
Reductions	-	(18,804)	(18,804)
Balance outstanding at end of year	$ 102,151	$ 406,828	$ 508,979
Amount due within one year	$ -	$ 49,322	$ 49,322

The Bank allowed The LBA Children & Families Foundation, Inc. to only pay the interest due on the loan for the months of November and December and still remain current on the loan. The School is currently in the process of trying to obtain a loan modification from the bank. Subsequent to November 29, 2019 and through date these financial statements were available to be issued, the School had only made a payment of $1,800 to the bank for interest.

NOTE – 8 DUE TO RELATED PARTY

At November 29, 2019, the School owed the Latin Builders Association, Inc. (LBA) $44,818 pertaining to certain advances the LBA provided to the School in prior fiscal years. The LBA is considered a related party as certain members of its board of directors are also members of the School's governing board. The promissory note (the "First Note") shall be payable on or before September 1, 2023, at which time the entire unpaid interest and principal balance shall be due and payable. The First Note bears interest at a rate of 4.5% per annum. The First Note can be prepaid by the School without incurring a prepayment penalty.

At November 29, 2019, the School owed the LBA an additional $57,333 associated with two other loans consisting of: 1) a loan for $45,000 for construction costs associated with the leasehold improvements of the School's facility and 2) a loan for $12,333 for operating capital made in prior fiscal years. The two other promissory notes (the "Other Notes") shall be payable on or before September 1, 2023, at which time the entire unpaid interest and principal balance shall be due and payable. The Other Notes bear interest at a rate of 4.5% per annum, and can be prepaid by the School without incurring a prepayment penalty. The Other Notes include a clause, which allows for the LBA to forgive the debt.

The following table summarizes the School's estimated future debt service requirements for the related party and bank loan as of November 29, 2019:

	Related Party Liability		Bank Loan Obligations		Total	
Year ending November 29,	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ -	$ -	$ 49,322	$ 18,728	$ 49,322	$ 18,728
2021	-	-	51,716	16,333	51,716	16,333
2022	-	-	305,790	3,696	305,790	3,696
2023	102,151	37,548	-	-	102,151	37,548
Total	$ 102,151	$ 37,548	$ 406,828	$ 38,757	$ 508,979	$ 76,305

The School transfers from the General Fund to the Debt Service Fund moneys for the purpose of paying long-term debt. Long-term debt is typically paid out of the Debt Service Fund.

The School also has noncurrent debt associated with the deferred lease obligations described in Note 5.

NOTE – 9 OTHER RELATED PARTY TRANSACTIONS

In November 2019, The LBA Community Foundation, Inc., an entity associated with the LBA, made a deposit to the LBACFF's bank account for $22,500. The LBA states that they deposited the funds into the account inadvertently. The deposit remained in the account as of November 29, 2019. On December 26, 2019, LBACFF reimbursed the LBA the transaction of $22,500.

NOTE 10 – INTERFUND ACTIVITY

The following is a schedule of transfers in and out of the governmental funds during the period from July 1, 2019 to November 29, 2019:

Purpose	General Fund Transfer In/(Transfer Out)	Debt Service Fund Transfer In	Capital Projects Fund (Transfer Out)
Transfer from Capital Projects Fund to General Fund for payment of lease expenditures	$ 34,586	$ -	$ (34,586)
Transfer from General Fund to Debt Service for payment of debt service expenditures	(27,244)	27,244	-
	$ 7,342	$ 27,244	$ (34,586)

LATIN BUILDERS ASSOCIATION CONSTRUCTION AND BUSINESS MANAGEMENT ACADEMY

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

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

FOR THE PERIOD FROM JULY 1, 2019 TO NOVEMBER 29, 2019

	2019-2020 School Year Budgeted Original	Budgeted Final	Period 7/1/19 - 11/29/19 GAAP Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
State sources	$ 973,130	$ 973,130	$ 290,201	$ (682,929)
Contributions and other revenue	95,900	95,900	9,600	(86,300)
Total revenues	1,069,030	1,069,030	299,801	(769,229)
EXPENDITURES				
Current:				
Instruction	342,679	342,679	112,690	229,989
Instructional support services	5,000	5,000	-	5,000
Central services	-	-	9,502	(9,502)
General administration	48,387	48,387	12,875	35,512
Board and fiscal services	29,800	29,800	15,000	14,800
School administration	149,023	149,023	67,476	81,547
Pupil transportation	81,000	81,000	27,900	53,100
Operation and maintenance of plant	276,685	276,685	134,338	142,347
Central services	33,300	33,300	-	33,300
Debt service	19,501	19,501	-	19,501
Total expenditures	985,375	985,375	379,781	605,594
Other financing sources, net	(48,549)	(48,549)	7,342	55,891
Net changes in fund balance	$ 35,106	$ 35,106	$ (72,638)	$ (107,744)

See notes to budgetary comparison schedule.

NOTES TO BUDGETARY COMPARISON SCHEDULE

The School's budget presented in the accompanying budgetary comparison schedule is annually adopted and prepared using the modified accrual basis of accounting, which is consistent with U.S. generally accepted accounting principles (GAAP). Amendments to the School's budgets can only be made with the approval of the board of directors.

The School's budget presented was for the 2019-2020 school year, which ends on June 30, 2020. Since the School closed on November 29, 2019, the GAAP actual amounts presented are for the period from July 1, 2019 to November 29, 2019.

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
Latin Builders Association Construction
and Business Management Academy
Hialeah Gardens, 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, each major fund, and the aggregate remaining fund information of Latin Builders Association Construction and Business Management Academy (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida, as of November 29, 2019 and for the period from July 1, 2019 to November 29, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 16, 2020.

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 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below as Compliance Finding 2020-001 and Compliance Finding 2020-002:

Compliance Finding 2020-001:

Criteria: Pursuant to Section 1002.33(9)(o), Florida Statutes, upon initial notification of nonrenewal, closure, or termination of its charter, a charter school may not expend more than $10,000 per expenditure without prior written approval from the sponsor unless such expenditure was included within the annual budget submitted to the sponsor pursuant to the charter contract, is for reasonable attorney fees and costs during the pendency of any appeal, or is for reasonable fees and costs to conduct an independent audit.

Condition: In connection with our audit and as further described in Note 9 to the financial statements, we noted an expenditure of $22,500 occurring on December 26, 2019, which is after the closure of the School, from a School bank account. The expenditure was for the reimbursement of a deposit made into the School's account by The LBA Community Foundation, Inc., an entity associated with The Latin Builders Association, Inc. (LBA). The LBA states that the deposit was made inadvertently and that it was not included in the School's budget. The reimbursement was made without prior written approval from the sponsor, The School Board of Miami-Dade County, and the expenditure was not included in the annual budget submitted thereto.

Cause: The reimbursement expenditure of $22,500 was performed on December 26, 2019, without prior written approval from The School Board of Miami-Dade County.

Effect: Potential noncompliance with provisions of Florida Statutes as a result of The LBA Children & Families Foundation, Inc. not seeking approval from The School Board of Miami-Dade County prior to making the expenditure.

Recommendation: Discuss the matter with The School Board of Miami-Dade County as soon as possible.

Compliance Finding 2020-002:

Criteria: Pursuant to Section 1002.33(9)(o)(2), a charter school is required to have an independent audit completed within 30 days after a notice of nonrenewal, closure, or termination to account for public funds and assets.

Condition: The independent audit was completed after the deadline.

Cause: The School closed on November 29, 2019, which was in the middle of the Holiday Season. There were scheduled closures during the Holidays by our firm as well as the School's management company, which did not allow for a lot of time to close the books and complete the audit. In addition, certain audit evidence was not available until after the Holidays. Furthermore, there were delays in receiving certain audit evidence and in obtaining responses to certain audit inquiries.

Effect: Noncompliance with provisions of Florida Statutes as a result of the audit not being completed within the time frame set by 1002.33(9)(o)(2).

Recommendation: Discuss the matter with the School Board of Miami-Dade County as soon as possible.

The LBA Children & Families Foundation, Inc.'s Response to Findings

The LBA Children & Families Foundation, Inc. is in agreement with the findings and recommendations.

The LBA Children & Families Foundation, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Sotolongo & Associates, P.A.

Miami, Florida
March 16, 2020

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

To the Board of Directors of
Latin Builders Association Construction
and Business Management Academy
Hialeah Gardens, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Latin Builders Association Construction and Business Management Academy (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida, as of and for the period from July 1, 2019 to November 29, 2019, and have issued our report thereon dated March 16, 2020.

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 on 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, March 16, 2020, 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.

Tabulation of Uncorrected Audit Findings		
Current Period Finding No.	**2018-19 FY Finding No.**	**2017-18 FY Finding No.**
2020-004	2019-001	2018-001

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 Latin Builders Association Construction and Business Management Academy. The school code assigned to it is 13-7066. The name of the not-for-profit entity that operates the School is The LBA Children & Families Foundation, Inc.

Financial Condition and Management

Section 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 Latin Builders Association Construction and Business Management Academy has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Latin Builders Association Construction and Business Management Academy did meet the conditions described in Section 218.503(1), Florida Statutes, which is further described below in finding Management Letter Finding 2020-003.

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 Latin Builders Association Construction and Business Management Academy. It is management's responsibility to monitor the Latin Builders Association Construction and Business Management Academy'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 led us to believe that the School is in a Deteriorating Financial Condition, as defined in Section 10.854(1)(b), Rules of the Auditor General. The finding is described below in Management Letter Finding 2020-003.

Management Letter Finding 2020-003 Determination of Financial Emergency and Deteriorating Financial Condition

Criteria: Pursuant to Section 218.503(1), Florida Statutes, a charter school shall be subject to review and oversight by the Governor, the charter sponsor, the charter technical career center sponsor, or the Commissioner of Education, as appropriate when conditions described in 218.503(1) (a) – (d) occur.

Condition: As of the date these financial statements were available to be issued, the School had not paid uncontested claims from certain creditors within 90 days after such claims had been presented.

Cause: As further described in Note 1 to the financial statements, the School's inability to execute its plan to increase enrollment resulted in the School not generating sufficient revenue to meet its obligations on a timely basis and the School's closure.

Effect: As of the date these financial statements were available to be issued, there is substantial doubt about the ability to continue as a going concern of The LBA Children & Families Foundation, Inc., which is the School's operator.

Recommendations: The Board of Directors of The LBA Children & Families Foundation, Inc. should continue with its plans to sublease the School's former facility. In addition, the Board of Directors should seek additional sources of revenue and donor contributions necessary in order to pay off its remaining liabilities.

Views of Responsible Officials: Responsible officials are in agreement with this finding. They are currently evaluating different options to raise revenue to pay its remaining liabilities.

Management Letter Finding 2020-004 Deficit in Unrestricted Net Position

Criteria: Pursuant to Sections 218.39(5), Florida Statutes, the auditor must notify each member of the governing body of a fund balance deficit in total or a deficit for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements of entities required to report under governmental financial reporting standards or on the basic financial statements of entities required to report under not-for-profit financial reporting standards, for which sufficient resources of the charter school, as reported on the fund financial statements, are not available to cover the deficit.

Condition: The statement of net position as of November 29, 2019, reflects an unrestricted net position deficit. The unassigned fund balance on the balance sheet – governmental funds as of November 29, 2019, also shows a deficit

Cause: Same cause as mentioned as above for finding 2020-003.

Effect: Same effect as mentioned above for finding 2020-003.

Recommendations: Same recommendations as mentioned above for finding 2020-003.

Views of responsible officials: Same as the views mentioned above for finding 2020-003.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. We believe that the recommendation made above in finding 2020-003 will improve financial management.

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 Latin Builders Association Construction and Business Management Academy maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. As of the date the accompanying financial statements were available to be issued, the Latin Builders Association Construction and Business Management Academy had shut down its website.

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

Sotolongo & Associates, P.A.

Miami, Florida
March 16, 2020