CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
TABLE OF CONTENTS
JUNE 30, 2022

	PAGES
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Unaudited)	3-7
Basic Financial Statements:	
Government-wide:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Governmental Fund:	
Balance Sheet	10
Statement of Revenues, Expenditures, and Changes in Fund Balance	11
Notes to Basic Financial Statements	12-18
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule	19
Notes to Budgetary Comparison Schedule	20
Compliance Section:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	21-22
Management Letter In Accordance With the Rules of the Auditor General of the State of Florida	23-24

INDEPENDENT AUDITORS' REPORT

CABALLERO FIERMAN LLERENA + GARCIA LLP

accountants I advisors

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council Members of the
City of Hialeah, Florida
City of Hialeah Educational Academy, Inc.
Hialeah, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Hialeah Educational Academy, Inc., (the "School") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School, as of June 30, 2022, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' responsibilities for the Audit of the Financial Statements of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

8950 SW 74th Court I Suite 1210 I Miami, FL 33156
T: 305.662.7272 I F: 305.662.4266 I CFLGCPA.COM

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 through 7 and 19 and 20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 15, 2022 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the effectiveness of the School's internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
September 15, 2022

8950 SW 74th Court **I** Suite 1210 **I** Miami, FL 33156
T: 305.662.7272 **I F:** 305.662.4266 **I CFLGCPA.COM**

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Our discussion and analysis of the City of Hialeah Educational Academy, Inc's., (the "School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the School's financial statements which immediately follow this discussion.

Financial Highlights

- The assets and deferred outflows of resources of the School exceeded its liabilities and deferred inflows of resources at June 30, 2022 by $3,830,156 compared to $3,555,810 as of June 30, 2021 (net position).

- At June 30, 2022, the School had current assets on hand of $3,496,523 compared to $3,459,024 as of June 30, 2021 and current liabilities of $1,069,199 compared to $476,865. The increase in current assets was due a larger per student funding amount from the State.

- The net position of the School increased by $274,346 during 2022 compared to an increase of $459,674 during the prior year.

- At June 30, 2022, the School reported $2,196,882 of unassigned fund balance compared to $2,901,727 as of June 30, 2021; an decrease of $704,845.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's financial statements. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the special purpose financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets and deferred outflows of resources and liabilities and deferred inflows of resources. The difference between the two is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 8 - 9 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

The School only has one governmental fund; the General Fund. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Fund Financial Statements (Continued)

The governmental fund financial statements can be found on pages 10 - 11 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 12 - 18 of this report.

Government-Wide Financial Analysis

As noted earlier, the net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3,830,156 at the close of the fiscal year. A summary of the School's net position as of June 30:

	2022	2021	Change	%
Cash	$ 2,238,368	$ 2,627,683	$ (389,315)	-15%
Receivable and other	1,258,155	831,341	426,814	51%
Capital assets, net	1,402,832	573,651	829,181	145%
Total assets	4,899,355	4,032,675	866,680	21%
Current liabilities	1,069,199	476,865	592,334	124%
Investment in capital assets	1,402,832	573,651	829,181	145%
Unrestricted	2,427,324	2,982,159	(554,835)	-19%
Total net position	$ 3,830,156	$ 3,555,810	$ 274,346	8%

At the end of the year, the School is able to report positive balances in total net position. The decrease in cash was a result of Grant related purchases and related funding not received. Therefore, receivables and other increased as grant revenue is pending receipt from the School District. The increase noted in current liabilities was due to an increase in Accounts Payable. There were grant related purchases made in May and June that were not paid until July so they were reflected in Accounts Payable. The largest contributor was Apple purchases totaling $184,500. There was also the June rent payment to the City of Hialeah pending for a total of $180,489.

Government-Wide Financial Analysis (Continued)

A summary and analysis of the School's revenues and expenses for the fiscal year ended June 30:

	2022	2021	Change	%
Revenues:				
Program revenues:				
Capital grants and contributions	$ 663,885	$ 642,328	$ 21,557	3%
Operating grants and contributions	1,410,331	1,341,117	69,214	5%
Charges for services	514,387	134,446	379,941	283%
Investment earnings	1,905	6,092	-	0%
Miscellaneous income	14,850	51,879	(37,029)	-71%
General revenues:				
FTE nonspecific revenues	6,934,043	6,822,002	112,041	2%
Total revenues	9,539,401	8,997,864	541,537	6%
Expenses:				
Instruction	4,543,434	4,494,521	48,913	1%
Student support services	269,905	194,005	75,900	-
Instructional staff training services	60,690	84,261	(23,571)	-28%
Board	16,552	9,775	6,777	69%
School administration	1,239,642	1,156,652	82,990	7%
Facilities acquisition and construction	-	2,497	(2,497)	-100%
Fiscal services	143,475	141,225	2,250	2%
Food services	386,172	256,088	130,084	51%
Central services	263,160	242,257	20,903	9%
Student transportation services	1,221	770	451	0%
Operation of plant	1,698,723	1,604,114	94,609	6%
Maintenance of plant	170,746	166,984	3,762	2%
Administrative technology services	68,064	64,861	3,203	-
Community services	403,271	120,180	283,091	100%
Total expenses	9,265,055	8,538,190	726,865	9%
Increase in net position	274,346	459,674	(185,328)	-40%
Net position, beginning of year	3,555,810	3,096,136	459,674	15%
Net position, end of year	$3,830,156	$3,555,810	$ 274,346	8%

The School's revenue and expenses increased by $541,537 and $726,865, respectively, as a result of an increase in Lunch funds received and a significant increase in lunch, payroll, and grant related expenses. The School had an increase in net position of $274,346 due to a larger per student funding amount from the State.

Financial Analysis of the Governmental Fund

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The focus of the School's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental Fund (Continued)

The School only has one governmental fund. The following is a financial analysis of the governmental fund:

	2022	2021	Change
Cash	$ 2,238,368	$ 2,627,683	$ (389,315)
Receivable and other	1,258,155	831,341	426,814
Total assets	3,496,523	3,459,024	37,499
Liabilities	1,069,199	476,865	592,334
Non-spendable fund balance	230,442	80,342	150,100
Unassigned fund balance	2,196,882	2,901,817	(704,935)
Total fund balance	$ 2,427,324	$ 2,982,159	$ (554,835)

At the end of the fiscal year, the School's governmental fund reported a fund balance of $2,427,324, a decrease of $554,835 from the prior year. Assets decrease and liabilities increased for the same reasons explained in the highlights of the government-wide financial statements and page 5 in the government-wide financial analysis.

	2022	2021	Change	%
Revenues:				
Local sources	$ 7,597,928	$ 7,446,330	$ 151,598	2%
Federal through state	1,410,331	1,341,117	69,214	5%
Charges for services	514,387	134,446	379,941	283%
Investment earnings	1,905	6,092	(4,187)	-69%
Miscellaneous income	14,850	51,879	(37,029)	-71%
Total revenues	9,539,401	8,979,864	600,753	7%
Expenses:				
Instruction	4,361,832	4,301,042	60,790	1%
Student support services	269,905	194,005	75,900	-
Instructional staff training services	60,690	84,261	(23,571)	-28%
Board	16,552	9,775	6,777	69%
School administration	1,233,667	1,150,286	83,381	7%
Fiscal services	143,475	141,225	2,250	2%
Food services	384,466	254,271	130,195	51%
Central services	263,160	242,257	20,903	9%
Student transportation services	1,221	770	451	-
Operation of plant	1,641,340	1,545,477	95,863	6%
Maintenance of plant	170,746	166,984	3,762	2%
Administrative technology services	68,064	64,861	3,203	-
Community services	403,271	120,180	283,091	100%
Capital outlay	1,075,847	236,286	839,561	355%
Total expenses	10,094,236	8,511,680	1,582,556	19%
Net change in fund balance	(554,835)	486,184	(981,803)	-202%
Fund balance, beginning of year	2,982,159	2,495,975	486,184	19%
Fund balance, end of year	$ 2,427,324	$ 2,982,159	$ (495,619)	-17%

The State appropriated a slightly larger per student funding amount than the amount appropriated for the 2020-2021 School year.

Capital Assets and Debt Administration

The School's investment in capital assets as of June 30, 2022 amounts to $1,402,832 (net of accumulated depreciation) as compared to $573,651 (net of accumulated depreciation) as of June 30, 2021. For more information on capital assets see Note 4 on page 17.

The School has no outstanding debt.

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the City adopted an annual budget for the School. A budgetary comparison schedule has been provided for the governmental funds to demonstrate compliance with the School's budget and it is reported on page 19.

Requests for Information

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC, 6340 Sunset Drive, Miami, Florida, 33143.

BASIC FINANCIAL STATEMENTS

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash	$ 2,238,368
Receivable	1,027,713
Prepaids	230,442
Total current assets	3,496,523
Non-current assets:	
Capital assets, not being depreciated	164,972
Capital assets, being depreciated, net	1,237,860
Total non-current assets	1,402,832
Total assets	4,899,355
LIABILITIES	
Current liabilities:	
Accounts payable	704,494
Accrued payroll	364,705
Total current liabilities	1,069,199
NET POSITION	
Investment in capital assets	1,402,832
Unrestricted	2,427,324
Total net position	$ 3,830,156

See notes to basic financial statements.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	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
Governmental activities:					
Instruction	$ 4,543,434	$ -	$ 877,072	$ -	$ (3,666,362)
Student support services	269,905	-	60,636	-	(209,269)
Instructional staff training services	60,690	-	17,429	-	(43,261)
Board	16,552	-	-	-	(16,552)
School administration	1,239,642	-	58,485	-	(1,181,157)
Fiscal services	143,475	-	-	-	(143,475)
Food services	386,172	28,806	394,749	-	37,383
Central services	263,160	-	-	-	(263,160)
Student transportation services	1,221	-	-	-	(1,221)
Operation of plant	1,698,723	-	-	663,885	(1,034,838)
Maintenance of plant	170,746	-	1,960	-	(168,786)
Administrative technology services	68,064	-	-	-	(68,064)
Community services	403,271	485,581	-	-	82,310
Total governmental activities	$ 9,265,055	$ 514,387	$ 1,410,331	$ 663,885	$ (6,676,452)
General revenues:					
FTE nonspecific revenues					6,934,043
Investment earnings					1,905
Miscellaneous income					14,850
Total general revenues					6,950,798
Change in net position					274,346
Net position, beginning					3,555,810
Net position, ending					$ 3,830,156

See notes to basic financial statements.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2022

ASSETS		
Cash	$	2,238,368
Receivable		1,027,713
Prepaids		230,442
Total assets	$	3,496,523
LIABILITIES		
Accounts payable	$	704,494
Accrued payroll		364,705
Total liabilities		1,069,199
FUND BALANCE		
Nonspendable		230,442
Unassigned		2,196,882
Total fund balance	$	2,427,324
Amounts reported for governmental activities in the statement of net position are different as a result of:		
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.		1,402,832
Net position of governmental activities	$	3,830,156

See notes to basic financial statements.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

REVENUES:	
Local sources	$ 7,597,928
Federal through state	1,410,331
Charges for services	514,387
Investment earnings	1,905
Miscellaneous	14,850
Total revenues	9,539,401
EXPENDITURES:	
Instruction	4,361,832
Student support services	269,905
Instructional staff training services	60,690
Board	16,552
School administration	1,233,667
Fiscal services	143,475
Food services	384,466
Central services	263,160
Student transportation services	1,221
Operation of plant	1,641,340
Maintenance of plant	170,746
Administrative technology services	68,064
Community services	403,271
Capital outlay	1,075,847
Total expenditures	10,094,236
Excess of expenditures over revenues	(554,835)
Fund balance, beginning of year	2,982,159
Fund balance, end of year	2,427,324
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental fund	(554,835)
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.	
Add current year capital outlay	1,075,847
Less current year depreciation	(246,666)
Change in net position of governmental activities	$ 274,346

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND OPERATIONS

Nature of Operations

City of Hialeah Educational Academy, Inc. (the "School") is a Florida nonprofit organization established in July 2008 by the City of Hialeah, Florida (the "City") to operate a charter school. A charter from the Miami-Dade County Public School District (the "District") was granted to the City to operate the charter school which offers a career-oriented curriculum for grades six through twelve. The School, which is reported as a special revenue fund of the City, is funded from public funds based on enrollment and is also eligible for grants in accordance with State and Federal guidelines, including food service and capital outlay.

Enrollment and Grade Configuration

School Name and Address	Location No.	Grades	Enrollment	School Principal
City of Hialeah Educational Academy 2590 W 76th Street, Hialeah, FL 33016	7262	6^{th} - 12^{th}	950	Carlos O. Alvarez

The School is governed by an Oversight Committee which was established by City Ordinance 08-48. The Oversight Committee is composed of the City's Mayor and all seven councilmembers. The members of the Oversight Committee also serve as the Board of Directors of the School.

Oversight Committee
Esteban Bovo – Chair (Mayor of the City of Hialeah)
Carl Zogby – Vice Chair (City Council Member of the City of Hialeah)
Monica Perez – Council Vice President (City Council Member of the City of Hialeah)
Jacqueline Garcia-Roves – Committee Member (City Council Member of the City of Hialeah)
Bryan Calvo – Committee Member (City Council Member of the City of Hialeah)
Jesus Tundidor – Committee Member (City Council Member of the City of Hialeah)
Vivian Casals-Munoz – Committee Member (City Council Member of the City of Hialeah)
Luis Rodriguez – Committee Member (City Council Member of the City of Hialeah)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the School's significant accounting policies is as follows:

A. Reporting Entity

The School operates under a charter granted to the City by the sponsoring school district, the Miami-Dade County Public School District (the "District"). The current charter is effective until June 30, 2028. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District 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 District may also terminate the charter for good cause as defined in the charter agreement. The School is reported as a special revenue fund of the City of Hialeah, Florida.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

B. Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits for States and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

C. Government-Wide Financial Statements

The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All the School's activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all current and noncurrent assets and all current and noncurrent liabilities. The School's net position is reported in two (2) categories: investment in capital assets and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The net costs, by function, are supported by general revenues. The statement of activities reduces gross expenses by related program revenues. Program revenues must be directly associated with the function. Operating grants include operating- specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

D. Fund Financial Statements

The School's accounts are organized on the basis of funds. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund balance, revenues and expenditures.

The Charter School General Fund is a governmental fund type and is used to account for all the School's financial transactions.

E. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (Continued)

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within two (2) months of the end of the current fiscal year. Intergovernmental revenues are recognized when all eligibility requirements have been met, if available. Expenditures generally are recorded when a liability is incurred. However, expenditures related to compensated absences are recorded only when paid from expendable available financial resources.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Deposits and Investments

The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash. The School's cash and cash equivalents include cash on hand which are not subjected to withdrawal restrictions and an overnight repurchase agreement. The deposits, including the overnight repurchase agreement, are held in the name of the School.

The School maintains its cash accounts with two financial institutions. The School's accounts at these institutions, at times, may exceed the federally insured limit. The School maintains these deposits with major financial institutions which mitigates this risk.

G. Capital Assets

Capital assets purchased or acquired with an original cost of $1,000 or more are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on capital assets is provided on the straight-line basis over the respective estimated useful lives ranging from 3 to 20 years.

Capital assets are reported in the government-wide financial statements. Within governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

H. Income Taxes

The School is a nonprofit corporation whose revenues are derived primarily from governmental entities and is also controlled by a governmental entity (the City of Hialeah, Florida). The School is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is subject to a tax on income from any unrelated business. The School did not have any unrelated business income for fiscal year ended June 30, 2022.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Income Taxes (Continued)

The School adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The School has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The School believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the School's financial condition, results of operations or cash flows. Accordingly, the School has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2022.

The School is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The School believes it is no longer subject to income tax examinations for years prior to 2019.

The School's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

I. Equity Classifications

Government-wide financial statements
Equity is classified as net position and displayed in three (3) components:

- Net investment in capital assets – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets. As of June 30, 2022, the School did not have any outstanding debt.
- Restricted net position – consists of components of net position with constraints placed on its use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation. There were no restricted components of net position.
- Unrestricted net position – all other components of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance
As of June 30, 2022, fund balance of the governmental fund is classified as follows:

- *Non-spendable* — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- *Committed* — Amounts that can be used only for specific purposes determined by a formal action of the Oversight Committee. The Oversight Committee is the highest level of decision-making authority for the School. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Oversight Committee.
- *Assigned* — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- *Unassigned* — All other spendable amounts.

As of June 30, 2022, the School's total fund balance was comprised of unassigned and non-spendable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Position Flow Assumption

Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied. There was no restricted net position for the fiscal year ended June 30, 2022.

K. Compensated Absences

The School grants a specific number of days of sick/personal leave. Full time instructional employees are eligible to one day per month up to ten days of active work during the ten-month period. Employees wishing to carry forward unused days, at year end, may do so. The employees may only cash out if they have used three days or less of their sick and personal days in that school year and there must be a balance of twenty-one days remaining in the sick bank in order to cash out. The employees cannot cash out more than ten days per school year and are required to always maintain a minimum of ten days of unused sick days. The cash out value is eighty percent of their daily rate. Upon termination, sick pay is not paid out. The School had approximately $15,000 in accrued compensated absences as of June 30, 2022.

L. State Funding (Primary Source of Revenue)

Student funding is provided by the State of Florida through the School Board of Miami-Dade County, Florida. Such funding is recorded as Full-Time Equivalent ("FTE") nonspecific revenue. In accordance with the Charter Agreement, the School Board retains 5% as an administrative fee. This funding is received on a pro rata basis over the twelve-month period and is adjusted for changes in full-time equivalent student population. After review and verification of FTE reports and supporting documentation, the Florida Department of Education may adjust subsequent fiscal period allocations of FTE funding for prior year's errors disclosed by its review as well as to prevent the statewide allocation from exceeding the amount authorized by the State Legislature. Normally, such adjustments are reported in the year the adjustments are made.

M. Use of Estimates

The preparation of financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include assessing the collectability of receivables, and the useful lives and impairment of tangible assets. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statement in the period they are determined to be necessary. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

NOTE 3 – DEFINED CONTRIBUTION PLAN

The School contributes to a defined contribution plan, created in accordance with Internal Revenue Code Section 401(k). The plan covers full-time employees of the School. Under the plan, the School provides a match of 100% up to 4% of employee salary.

The plan's assets are administered by Mass Mutual Financial Group. The School does not exercise any control or fiduciary responsibility over the plan's assets. The School contributed approximately $87,000 to the Plan during the fiscal year ended June 30, 2022.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

Governmental activities	Beginning	Additions	Deletions	Ending
Capital assets not being depreciated:				
Construction in progress	$ 32,316	$ 272,948	$ (140,292)	$ 164,972
Total capital assets not being depreciated	32,316	272,948	(140,292)	164,972
Capital assets being depreciated:				
Compter softw are	2,525	-	(1,275)	1,250
Buildings and Improvements	148,831	860,099	(9,191)	999,739
Furniture, equipment, and textbooks	1,153,305	83,092	(1,783)	1,234,614
Total capital assets being depreciated	1,304,661	943,191	(12,249)	2,235,603
Less accumulated depreciation for:				
Furniture, equipment, and textbooks	763,326	246,666	12,249	997,743
Total capital assets being depreciated, net	541,335	696,525	-	1,237,860
Governmental activities capital assets, net	$ 573,651	$ 969,473	$ (140,292)	$ 1,402,832

Depreciation expense for the fiscal year ended June 30, 2022 was $246,666 and was charged to the Instruction ($181,601), Operation of Plant ($33,283), School Administration ($5,975), Facilities Acquisition ($24,099), and Food Services ($1,705) function/programs of the School.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Management Agreement

Academica Dade, LLC ("Academica"), an education service and support provider, offers 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 the books and records, bookkeeping, budgeting and financial reporting and virtual education services. The agreement calls for a fee on per student basis. The agreement is with City of Hialeah Educational Aacademy for a period of three years through June 30, 2023, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2022, the School incurred $430,425 in fees.

Academica Dade, LLC is located at 6340 Sunset Drive, Miami, Florida 33143.

Funding

The School receives funding from the District which is received from the State of Florida that is based, in part on a computation of the number of full time equivalent (FTE) students enrolled in the School. The accuracy of the data provided by the School supporting the FTE count is subject to state audit and, if found to be in error, could result in refunds or in decreases in future funding allocations.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable School.

It is the opinion of management that the amount of revenue which may be remitted back to the State due to errors in the FTE count or amount of grant expenditures which may be disallowed by granting agencies, if any, will not be material to the financial position of the School.

NOTE 6 – RELATED PARTY TRANSACTIONS

On June 30, 2011, the School entered into a facilities lease agreement with the City which calls for an annual base rent equal to $550 for each student enrolled in the School. The base rent is to be paid in equal monthly installments, plus payments of insurance and utilities. The lease also calls for an annual usage fee for the use of City services and park facilities payable in equal monthly installments. The usage fee increases at 3% per year. The School paid the City $526,350 in rent and the usage fee of $196,703 for the fiscal year ended June 30, 2022.

NOTE 7 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. There have been no claims in excess of insurance coverage limits during the past three years.

The School has contracted the services of a Professional Employer Organization which provides, at the direction of the School, human resource services, a comprehensive benefits and retirement package to all School employees. Under its co-employment agreement with the School, the Professional Employer Organization is the employer of record. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. School employees can only be removed, dismissed, or transferred by the Oversight Committee.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
REVENUES:				
Local sources	$ 7,091,700	$ 7,550,236	$ 7,597,928	$ 47,692
Federal through state	1,332,817	1,341,030	1,410,331	69,301
Charges for services	425,000	483,524	514,387	30,863
Investment earnings	-	-	1,905	1,905
Miscellaneous income	65,500	49,560	14,850	(34,710)
Total revenues	8,915,017	9,424,350	9,539,401	115,051
EXPENSES:				
Current:				
Instruction	4,913,270	4,428,491	4,361,832	66,659
Student support services	221,206	274,760	269,905	4,855
Instructional staff training services	85,582	85,000	60,690	24,310
Board	73,000	17,000	16,552	448
School administration	1,265,754	1,236,872	1,233,667	3,205
Fiscal services	142,500	144,250	143,475	775
Food services	388,415	396,249	384,466	11,783
Central services	221,500	272,750	263,160	9,590
Student transportation services	4,000	4,000	1,221	2,779
Operation of plant	1,442,715	1,661,495	1,641,340	20,155
Maintenance of plant	179,000	170,800	170,746	54
Administrative technology services	51,709	68,709	68,064	645
Community services	220,500	420,500	403,271	17,229
Capital outlay	640,500	1,092,432	1,075,847	16,585
Total expenditures	9,849,651	10,273,308	10,094,236	179,072
Change in fund balance	$ (934,634)	$ (848,958)	$ (554,835)	$ 294,123

See notes to budgetary comparison schedule.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE A

The School formally adopted a budget for the fiscal year ended June 30, 2022. Budgeted amounts may be amended by resolution or ordinance by the City Council. The budget has been prepared in accordance with the accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to the budgeted amounts for the School is presented as supplementary information.

NOTE B

For the fiscal year ended June 30, 2022, there were supplemental appropriations of approximately $85,600 which were funded with additional federal and local sources received.

COMPLIANCE SECTION

CABALLERO FIERMAN LLERENA + GARCIA LLP

accountants I advisors

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

To the Honorable Mayor and City Council Members of the
City of Hialeah, Florida
City of Hialeah Educational Academy, Inc.
Hialeah, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the City of Hialeah Educational Academy, Inc, (the "School") as of and for the fiscal year ended June 30, 2022, 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 15, 2022.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

8950 SW 74th Court I Suite 1210 I Miami, FL 33156
T: 305.662.7272 I F: 305.662.4266 I CFLGCPA.COM

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
September 15, 2022

8950 SW 74th Court **I** Suite 1210 **I** Miami, FL 33156
T: 305.662.7272 **I F:** 305.662.4266 **I CFLGCPA.COM**

CABALLERO FIERMAN LLERENA + GARCIA LLP

accountants I advisors

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor and City Council Members of the
City of Hialeah, Florida
City of Hialeah Educational Academy, Inc.
Hialeah, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Hialeah Educational Academy, Inc. (the "School"), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 15, 2022.

Auditors' Responsibility

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 and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' 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 September 15, 2022, 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 and/or recommendations made 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 and the school code assigned by the Florida Department of Education of the entity are City of Hialeah Educational Academy, Inc. and 7262, respectively.

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 School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our assessment was performed as of the fiscal year end.

8950 SW 74th Court I Suite 1210 I Miami, FL 33156
T: 305.662.7272 **I F:** 305.662.4266 **I CFLGCPA.COM**

Financial Condition and Management (Continued)

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 School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School 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 which 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, City Council, School's 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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
September 15, 2022

8950 SW 74th Court I Suite 1210 I Miami, FL 33156
T: 305.662.7272 **I F:** 305.662.4266 **I CFLGCPA.COM**

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.

FEDERAL SINGLE AUDIT REPORTS REQUIRED BY THE UNFORM GUIDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.

TABLE OF CONTENTS

JUNE 30, 2022

	PAGES
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	1
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	2-4
Schedule of Expenditures of Federal Awards	5
Notes to Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7-8
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	9-10

CABALLERO FIERMAN LLERENA + GARCIA LLP

accountants | advisors

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

To the Honorable Mayor and City Council Members of the
City of Hialeah, Florida
City of Hialeah Educational Academy, Inc.
Hialeah, 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 the major fund of the City of Hialeah Educational Academy, Inc. (the "School") as of and for the fiscal year ended June 30, 2022, 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 15, 2022.

Report on 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
September 15, 2022

8950 SW 74th Court **I** Suite 1210 **I** Miami, FL 33156
T: 305.662.7272 **I F:** 305.662.4266 **I CFLGCPA.COM**

CABALLERO FIERMAN LLERENA + GARCIA LLP

accountants I advisors

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council Members of the
City of Hialeah, Florida
City of Hialeah Educational Academy, Inc.
Hialeah, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Hialeah Educational Academy, Inc's (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the School's major federal programs for the fiscal year ended June 30, 2022. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statures, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

8950 SW 74th Court I Suite 1210 I Miami, FL 33156
T: 305.662.7272 I F: 305.662.4266 I CFLGCPA.COM

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified statements as a whole.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and the major fund of the School, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements. We issued our report thereon dated September 15, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

8950 SW 74th Court **I** Suite 1210 **I** Miami, FL 33156
T: 305.662.7272 **I F:** 305.662.4266 **I CFLGCPA.COM**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
March 30, 2023, except for our report
on the Schedule of Federal Awards, for
which the date is September 15, 2022

8950 SW 74th Court **I** Suite 1210 **I** Miami, FL 33156
T: 305.662.7272 **I F:** 305.662.4266 **I CFLGCPA.COM**

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Federal Assistance Listing Number*	*Pass-Through Entity Identifying*	*Total Federal Expenditures*
Child Nutrition Cluster-Cluster			
United States Department of Agriculture			
School Breakfast Program (SBP)			
School Breakfast Program (SBP)			
Total School Breakfast Program (SBP)	10.553	504	$ 388,849
Total United States Department of Agriculture			388,849
Total Child Nutrition Cluster-Cluster			388,849
Total Child Nutrition Cluster-Cluster			388,849
Other Programs			
Department of Education			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	N/A	451,154
Total Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA			451,154
Higher Education Institutional Aid			
Higher Education Institutional Aid	84.031A	36880000	6,319
Total Higher Education Institutional Aid			6,319
Student Support and Academic Enrichment Program			
Student Support and Academic Enrichment Program	84.424A	N/A	71,808
Total Student Support and Academic Enrichment Program			71,808
Education Stabilization Fund (ESF)			
Education Stabilization Fund (ESF)	84.425D	137262-164806	475,600
Total Education Stabilization Fund (ESF)	84.425C	66	10,701
Total Department of Education			486,301
			1,015,582
Total Other Programs			1,015,582
Total Expenditures of Federal Awards			$ 1,404,431

The accompanying notes are an integral part of this schedule

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant expenditure activity of the City of Hialeah Educational Academy, Inc. (the "School") for the fiscal year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it's not intended to and does not present the financial position and changes in net position/fund balance of the School.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for grants which are accounted for in the governmental fund types. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – GRANTS CONTINGENCY

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by grantor agency as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the School. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

NOTE 4 - INDIRECT COST RATE

The School has elected not to use the 10-percent de minimus indirect cost rate allowed under the uniform guidance.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – MAJOR FEDERAL PROGRAM FINDINGS AND QUESTIONED COSTS

None.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	*Unmodified Opinion*
Internal control over financial reporting:	
Material weakness(es) identified?	____ Yes X No
Significant deficiencies identified?	____ Yes X None reported
Noncompliance material to financial statements noted?	____ Yes X No

Federal Awards

Internal control over major program:	
Material weakness(es) identified?	____ Yes X No
Significant deficiencies identified?	____ Yes X None Reported
Type of auditors' report issued on compliance for major federal program:	*Unmodified Opinion*
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes X No

Identification of major federal program:

Assistance Listing No.	Name of Federal Program or Cluster
10.553	School Breakfast Program (SBP)
84.010	Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee?	____ Yes X No

CABALLERO FIERMAN LLERENA + GARCIA LLP

accountants I advisors

MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor and City Council Members of the
City of Hialeah, Florida
City of Hialeah Educational Academy, Inc.
Hialeah, Florida

Report on the Financial Statements
We have audited the financial statements of the City of Hialeah Educational Academy, Florida (the "School") as of and for the fiscal year ended June 30, 2022 and have issued our report thereon dated September 15, 2022.

Auditors' 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 Florida Auditor General.

Other Reporting Requirements
We have issued our Independent Auditors' 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*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance; and Schedule of Findings and Questioned Costs, regarding compliance requirements in accordance with Chapter 10.850, Rules of the Auditor General. Disclosures in those reports and schedules should be considered in conjunction with this management letter.

Prior Audit Findings
Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding 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 and the school code assigned by the Florida Department of Education of the entity are City of Hialeah Educational Academy, Inc. and 7262, respectively.

Financial Condition and Management
Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our assessment was performed as of the fiscal year end.

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.

8950 SW 74th Court I Suite 1210 I Miami, FL 33156
T: 305.662.7272 I F: 305.662.4266 I CFLGCPA.COM

Transparency
Sections 10.854(1)(e)7., and 1.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School 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 which 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, members of the City Council, and the School's 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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miami, Florida
March 30, 2023, except for our report
on the Schedule of Federal Awards, for
which the date is September 15, 2022

8950 SW 74th Court **I** Suite 1210 **I** Miami, FL 33156
T: 305.662.7272 **I F:** 305.662.4266 **I CFLGCPA.COM**