CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
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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 year ended June 30, 2023, 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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 section 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 opinion.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the School reported a prior period adjustment to the opening balances of the statement of net position. Our opinion is not modified with respect to that matter.

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 - 8 and 20 - 21, respectively 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, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Miami, Florida
September 15, 2023

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)

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023. 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, 2023 by $4,307,297 compared to $3,854,165 as of June 30, 2022 (net position).

- At June 30, 2023, the School had current assets on hand of $3,873,061 compared to $3,520,532 as of June 30, 2022 and current liabilities of $596,085 compared to $1,069,199. The increase in current assets was due a larger per student funding amount from the State.

- The net position of the School increased by $611,445 during 2023 compared to an increase of $298,355 during the prior year.

- At June 30, 2023, the School reported $2,775,573 of unassigned fund balance compared to $2,220,891 as of June 30, 2022; an increase of $554,682.

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 9 - 10 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 11 - 12 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 13 - 19 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 $2,775,968 at the close of the fiscal year. A summary of the School's net position as of June 30:

	2023	2022	Change
Cash	$ 2,203,014	$ 2,238,368	$ (35,354)
Receivable and other	1,670,047	1,282,164	387,883
Capital assets, net	1,531,329	1,402,832	128,497
Total assets	5,404,390	4,923,364	481,026
Current liabilities	596,085	1,069,199	(473,114)
Deferred revenue	501,008	-	501,008
Investment in capital assets	1,531,329	1,402,832	128,497
Unrestricted	2,775,968	2,451,333	324,635
Total net position	$ 4,307,297	$ 3,854,165	$ 453,132

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 decrease noted in current liabilities was due to a decrease in Accounts Payable. The largest contributor was the June rent payment to the City of Hialeah pending for a total of $182,376.

Government-Wide Financial Analysis (Continued)

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

	2023	2022	Change
Revenues:			
Program revenues:			
Capital grants and contributions	$ 673,379	$ 663,885	$ 9,494
Operating grants and contributions	2,744,737	1,434,340	1,310,397
Charges for services	516,257	514,387	1,870
Investment earnings	66,633	1,905	64,728
Miscellaneous income	18,360	14,850	3,510
General revenues:			
FTE nonspecific revenues	7,800,612	6,934,043	866,569
Total revenues	11,819,978	9,563,410	565,546
Expenses:			
Instruction	5,610,866	4,543,434	1,067,432
Student support services	277,930	269,905	8,025
Instructional staff training services	132,749	60,690	72,059
Board	29,988	16,552	13,436
School administration	1,342,364	1,239,642	102,722
Facilities acquisition and construction	26,922	-	26,922
Fiscal services	144,150	143,475	675
Food services	499,057	386,172	112,885
Central services	254,753	263,160	(8,407)
Student transportation services	6,709	1,221	5,488
Operation of plant	2,069,145	1,698,723	370,422
Maintenance of plant	216,091	170,746	45,345
Administrative technology services	73,366	68,064	5,302
Community services	524,443	403,271	121,172
Total expenses	11,208,533	9,265,055	1,943,478
Increase in net position	611,445	298,355	313,090
Net position, beginning of year	3,854,165	3,555,810	298,355
Prior period adjustment (Note 8)	(158,313)	-	(158,313)
Net position, beginning, as restated	3,695,852	-	3,695,852
Net position, end of year	$ 4,307,297	$3,854,165	$ 453,132

The School's revenue and expenses increased by $565,546 and $1,943,478, 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 $611,445 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.

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

	2023	2022	Change	%
Cash	$ 2,203,014	$ 2,238,368	$ (35,354)	-2%
Receivable and other	1,670,047	1,282,164	387,883	23%
Total assets	3,873,061	3,520,532	352,529	9%
Liabilities	1,097,093	1,069,199	27,894	3%
Non-spendable fund balance	395	230,442	(230,047)	-58240%
Unassigned fund balance	2,775,573	2,220,891	554,682	20%
Total fund balance	$ 2,775,968	$ 2,451,333	$ 324,635	12%

At the end of the fiscal year, the School's governmental fund reported a fund balance of $2,775,968, an increase of $573,362 from the prior year. Assets 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.

Governmental Fund (Continued)

	2023	2022	Change
Revenues:			
Local sources	$ 8,473,991	$ 7,597,928	$ 876,063
Federal through state	2,744,737	1,434,340	1,310,397
Charges for services	516,257	514,387	1,870
Investment earnings	66,633	1,905	64,728
Miscellaneous income	18,360	14,850	3,510
Total revenues	11,819,978	9,563,410	2,188,330
Expenses:			
Instruction	5,347,414	4,361,832	985,582
Student support services	277,930	269,905	8,025
Instructional staff training services	132,749	60,690	72,059
Board	29,988	16,552	13,436
School administration	1,333,696	1,233,667	100,029
Fiscal services	144,150	143,475	675
Food services	496,584	384,466	112,118
Central services	254,753	263,160	(8,407)
Student transportation services	6,709	1,221	5,488
Operation of plant	2,012,821	1,641,340	371,481
Maintenance of plant	216,091	170,746	45,345
Administrative technology services	73,366	68,064	5,302
Community services	524,443	403,271	121,172
Capital outlay	486,336	1,075,847	(589,511)
Total expenses	11,337,030	10,094,236	1,242,794
Net change in fund balance	482,948	(530,826)	945,536
Fund balance, beginning of year	2,451,333	2,982,159	(530,826)
Prior Period Adjustment (Note 8)	(158,313)	-	(158,313)
Fund balance, beginning of year - as restated	2,293,020	2,982,159	(689,139)
Fund balance, end of year	$ 2,775,968	$ 2,451,333	$ 256,397

Capital Assets and Debt Administration

The School's investment in capital assets as of June 30, 2023 amounts to $1,531,329 (net of accumulated depreciation) as compared to $1,402,832 (net of accumulated depreciation) as of June 30, 2022. 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 20.

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, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash	$ 2,203,014
Receivable	1,669,652
Prepaids	395
Total current assets	3,873,061
Non-current assets:	
Capital assets, being depreciated, net	1,531,329
Total non-current assets	1,531,329
Total assets	5,404,390
LIABILITIES	
Current liabilities:	
Accounts payable	238,787
Accrued payroll	357,298
Total current liabilities	596,085
Deferred Inflows of Resources	
Deferred revenue	501,008
Total liabilties and deferred infows of resources	1,097,093
NET POSITION	
Investment in capital assets	1,531,329
Unrestricted	2,775,968
Total net position	$ 4,307,297

See notes to basic financial statements.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	$ 5,610,866	$ -	$ 1,979,751	$ -	$ (3,631,115)
Student support services	277,930	-	63,675	-	(214,255)
Instructional staff training services	132,749	-	36,144	-	(96,605)
Board	29,988	-	-	-	(29,988)
School administration	1,342,364	-	47,365	-	(1,294,999)
Facilities acquisition and construction	26,922	-	-	-	(26,922)
Fiscal services	144,150	-	-	-	(144,150)
Food services	499,057	31,815	603,647	-	136,405
Central services	254,753	-	-	-	(254,753)
Student transportation services	6,709	-	-	-	(6,709)
Operation of plant	2,069,145	-	14,155	673,379	(1,381,611)
Maintenance of plant	216,091	-	-	-	(216,091)
Administrative technology services	73,366	-	-	-	(73,366)
Community services	524,443	484,442	-	-	(40,001)
Total governmental activities	$ 11,208,533	$ 516,257	$ 2,744,737	$ 673,379	$ (7,274,160)

General revenues:	
FTE nonspecific revenues	7,800,612
Investment earnings	66,633
Miscellaneous income	18,360
Total general revenues	7,885,605
Change in net position	611,445
Net position, beginning	3,854,165
Prior period adjustment (Note 8)	(158,313)
Net position, beginning, as restated	3,695,852
Net position, ending	$ 4,307,297

See notes to basic financial statements.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2023

ASSETS		
Cash	$	2,203,014
Receivable		1,669,652
Prepaids		395
Total assets	$	3,873,061
LIABILITIES		
Accounts payable	$	238,787
Accrued payroll		357,298
Other liabilities		501,008
Total liabilities		1,097,093
FUND BALANCE		
Nonspendable		395
Unassigned		2,775,573
Total fund balance	$	2,775,968
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.		1,531,329
Net position of governmental activities	$	4,307,297

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, 2023

REVENUES:		
Local sources	$	8,473,991
Federal through state		2,744,737
Charges for services		516,257
Investment earnings		66,633
Miscellaneous		18,360
Total revenues		11,819,978
EXPENDITURES:		
Instruction		5,347,414
Student support services		277,930
Instructional staff training services		132,749
Board		29,988
School administration		1,333,696
Fiscal services		144,150
Food services		496,584
Central services		254,753
Student transportation services		6,709
Operation of plant		2,012,821
Maintenance of plant		216,091
Administrative technology services		73,366
Community services		524,443
Capital outlay		486,336
Total expenditures		11,337,030
Excess of expenditures over revenues		482,948
Fund balance, beginning of year - as previously reported		2,451,333
Prior Period Adjustment (Note 8)		(158,313)
Fund balance, beginning of year - as restated		2,293,020
Fund balance, end of year		2,775,968
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental fund		482,948
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		486,336
Less current year depreciation		(357,839)
Change in net position of governmental activities	$	611,445

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	6th - 12th	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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Deposits and Investments

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, 2023.

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, 2023.

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, 2023, 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."

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Equity Classifications (Continued)

Fund Balance
As of June 30, 2023, 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, 2023, the School's total fund balance was comprised of unassigned and non-spendable.

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, 2023.

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, 2023.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $93,513 to the Plan during the fiscal year ended June 30, 2023.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

Governmental activities	Beginning	Additions	Deletions	Ending
Capital assets not being depreciated:				
Construction in progress	$ 164,972	$ -	$ (164,972)	$ -
Total capital assets not being depreciated	164,972	-	(164,972)	-
Capital assets being depreciated:				
Computer software	1,250	-	(1,250)	-
Buildings and Improvements	999,739	203,946	-	1,203,685
Furniture, equipment, and textbooks	1,234,614	447,362	(244,899)	1,437,077
Total capital assets being depreciated	2,235,603	651,308	(246,149)	2,640,762
Less accumulated depreciation for:				
Computer software	1,250	-	(1,250)	-
Buildings and Improvements	86,450	82,893	-	169,343
Furniture, equipment, and textbooks	910,043	274,946	(244,899)	940,090
Total accumulated depreciation	997,743	357,839	(246,149)	1,109,433
Total capital assets being depreciated, net	1,237,860	376,362	-	1,531,329
Governmental activities capital assets, net	$ 1,402,832	$ 376,362	$ (164,972)	$ 1,531,329

Depreciation expense for the fiscal year ended June 30, 2023 was $357,839 and was charged to the Instruction ($263,452), Operation of Plant ($48,284), School Administration ($8,668), Facilities Acquisition ($34,962), and Food Services ($2,473) 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 Academy for a period of three years through June 30, 2024, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2023, the School incurred $432,450 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 leases are renewed on an annual basis. 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 $730,568 in rent and the usage fee of $202,605 for the fiscal year ended June 30, 2023.

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.

NOTE 8 – PRIOR-PERIOD ADJUSTMENT

The beginning net position of the Governmental Activities in the government-wide Statement of Net Position and the beginning fund balance on the fund level balance sheet have been restated to record a prior period adjustment to correct the School's payroll related expenditures. A reconciliation of the prior period ending net position to the current year beginning net position for the Governmental Activities is as follows:

Beginning net position, as previously reported	$ 3,854,165
Adjustment to correct payroll expenses	(158,313)
Beginning net position, as restated	$ 3,695,852

Beginning fund balance, as previously reported	$ 2,451,333
Adjustment to correct payroll expenditures	(158,313)
Beginning net position, as restated	$ 2,293,020

REQUIRED SUPPLEMENTARY INFOMRATION
(UNAUDITED)

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
REVENUES:				
Local sources	$ 7,949,670	$ 8,492,192	$ 8,473,991	$ (18,201)
Federal through state	2,344,185	2,737,261	2,744,737	7,476
Charges for services	321,600	490,000	516,257	26,257
Investment earnings	-	66,000	66,633	633
Miscellaneous income	19,000	18,360	18,360	-
Total revenues	10,634,455	11,803,813	11,819,978	16,165
EXPENSES:				
Current:				
Instruction	4,657,950	5,373,283	5,347,414	25,869
Student support services	242,313	292,524	277,930	14,594
Instructional staff training services	45,000	135,499	132,749	2,750
Board	73,000	30,500	29,988	512
School administration	1,114,394	1,339,830	1,333,696	6,134
Fiscal services	144,750	144,150	144,150	-
Food services	386,038	499,752	496,584	3,168
Central services	249,750	264,150	254,753	9,397
Student transportation services	4,000	8,000	6,709	1,291
Operation of plant	1,958,448	2,015,158	2,012,821	2,337
Maintenance of plant	330,500	217,950	216,091	1,859
Administrative technology services	57,487	77,204	73,366	3,838
Community services	225,000	530,000	524,443	5,557
Capital outlay	634,237	487,129	486,336	793
Total expenditures	10,122,867	11,415,129	11,337,030	78,099
Change in fund balance	$ 511,588	$ 388,684	$ 482,948	$ 94,264

See notes to budgetary comparison schedule.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE A

The School formally adopted a budget for the fiscal year ended June 30, 2023. 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, 2023, there were supplemental appropriations of approximately $1,292,262 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 financial audits contained in *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, 2023, 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, 2023.

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 School'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 weakness 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 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, 2023

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, 2023, and have issued our report thereon dated September 15, 2023.

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, 2023, 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, 2023

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 UNIFORM GUIDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
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CFLG 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 and the major fund of the City of Hialeah Educational Academy, Inc, (the "School") as of and for the fiscal year ended June 30, 2023, 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, 2023.

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 School'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 weakness 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 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, 2023

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

CFLG Accountants Advisors

INDEPENDENT AUDITOR'S 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 City of Hialeah Educational Academy, Inc's (the "School") compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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, 2023.

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 Auditors' 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, statutes, 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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, 2023, 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, 2023, 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 28, 2024, except for our report
on the Schedule of Federal Awards, for
which the date is September 15, 2023

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, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Federal Assistance Listing Number*	*Pass-Through Entity Identifying Number*	*Total Federal Expenditures*
Child Nutrition Cluster-Cluster			
United States Department of Agriculture			
School Breakfast Program (SBP)			
School Breakfast Program (SBP)	10.553	504	$ 490,244
Total United States Department of Agriculture			490,244
Total Child Nutrition Cluster-Cluster			490,244
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	469,310
Higher Education Institutional Aid			
Higher Education Institutional Aid	84.031A	36880000	6,181
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	N/A	36,144
Student Support and Academic Enrichment Program			
Student Support and Academic Enrichment Program	84.424A	N/A	43,363
Education Stabilization Fund (ESF)			
Education Stabilization Fund (ESF)	84.425	137262-164806	1,093,443
Total Department of Education			1,648,441
Total Other Programs			1,648,441
Total Expenditures of Federal Awards			$ 2,138,685

The accompanying notes are an integral part of this schedule

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023. 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, 2023

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:

Assitance Listing No	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

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

The accompanying notes are an integral part of this schedule

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL PROGRAM FINDINGS AND QUESTIONED COSTS

None.

CFLG Accountants 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, 2023, and have issued our report thereon dated September 15, 2023.

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, 2023, 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.

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 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
March 28, 2024, except for our report
on the Schedule of Federal Awards, for
which the date is September 15, 2023

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