

**FLORIDA INTERNATIONAL
ACADEMY**

(A component unit of the Miami-Dade County School District)

**BASIC FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

June 30, 2013

FLORIDA INTERNATIONAL ACADEMY
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
June 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Florida International Academy
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Florida International Academy (the "School") a department of Florida International Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

As discussed in Note 1, the financial statements of the School are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of Florida International Academy, Inc., that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Florida International Academy, Inc. as of June 30, 2013, and its change in financial position or budgetary comparison, where applicable, for the year ended June 30, 2013, in conformity with accounting principles generally accepted in the United States of America.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School, as of June 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 3 through 6 and 21 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2013, 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 and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 3, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**FLORIDA INTERNATIONAL ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Our discussion and analysis of Florida International Academy (the "School") financial performance provides an overview of the School's financial activities for the year ended June 30, 2013 and 2012. Please read it in conjunction with the School's financial statements which immediately follow this discussion.

FINANCIAL HIGHLIGHTS

The following are highlights of financial activity for the year ended June 30, 2013:

- The School's total assets exceeded its liabilities as of June 30, 2013 by \$ 381,516 (net position).
- The School's net position decreased by \$ 3,500 during the current fiscal year as a result of this year's operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements, which consist of the following two 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 the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, 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 7 and 8 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School only has one category of funds - governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the School's near-term financing requirements.

**FLORIDA INTERNATIONAL ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance. The General, Special Revenue and Capital Projects funds are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds. A budgetary comparison statement has been provided for the General and Special Revenue funds to demonstrate compliance with the budgets adopted for each.

Notes to Basic Financial Statements

The notes 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 basic financial statements can be found on pages 13 through 20 of this report.

Other Information:

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's adopted budget to actual results. Required supplementary information can be found on pages 21 and 22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net position as of June 30:

Florida International Academy Net Position			
		2013	2012
CURRENT ASSETS	\$	501,490	\$ 447,324
NONCURRENT ASSETS		155,954	188,743
Total assets		657,444	636,067
CURRENT LIABILITIES		191,589	146,985
NONCURRENT LIABILITIES		84,339	104,066
Total liabilities		275,928	251,051
NET POSITION:			
Net Investment in capital assets		45,369	57,984
Unrestricted		336,147	327,032
Total net position	\$	381,516	\$ 385,016

**FLORIDA INTERNATIONAL ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

A portion of the School's net position reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance, unrestricted, may be used to meet the School's ongoing obligations.

The following table reflects the School's change in net position for the years ended June 30, 2013 and 2012.

Florida International Academy Change in Net Position			
		2013	2012
REVENUES:			
General revenues	\$	2,095,355	\$ 2,014,828
Program revenues:			
Operating grants and contributions		531,173	766,244
Capital outlay funds		141,426	137,502
Total revenues		2,767,954	2,918,574
EXPENSES:			
Instruction		1,109,771	970,493
Administration		253,188	523,379
Operation of plant		620,273	510,153
Community services		226,806	128,548
Pupil transportation services		213,110	263,351
Food services		218,519	364,086
Fiscal services		107,794	103,216
Board		21,993	23,191
Total expenses		2,771,454	2,886,417
Change in net position		(3,500)	32,157
NET POSITION, July 1,		385,016	352,859
NET POSITION, June 30,	\$	381,516	\$ 385,016

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

**FLORIDA INTERNATIONAL ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

The General Fund is the chief operating fund of the School. At the end of year 2013, unassigned fund balance of the General Fund was \$ 260,461, an increase of \$ 28,635 for the year. The overall General Fund balance increased by \$ 15,044.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the final amended budget and actual amounts can be briefly summarized as follows:

1. The school budgeted revenue net of the district administrative expense. Adjusting entries were made to recognize revenue and expense resulting in a budget variance for these two items.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The School's investment in capital assets as of June 30, 2013 amounts to \$ 133,909 net of accumulated depreciation. This investment in capital assets is composed of leasehold improvements, vehicles, and office and classroom equipment.

Debt

At June 30, 2013, the School had outstanding debt of \$ 35,893 on its line of credit with a financial institution. In addition, the school's remaining balance on the note payable in the amount of \$ 52,647.

ECONOMIC FACTORS

Facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the School in the year 2013 an increase in funding from the state for both general operations and capital outlay.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Florida International Academy, Inc. for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Florida International Academy, Inc.; 13400 NW 28th Avenue, Opa Locka, FL 33054.

BASIC FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL ACADEMY
STATEMENT OF NET POSITION
June 30, 2013

A S S E T S

	Governmental Activities
CURRENT ASSETS:	
Cash	\$ 338,786
Accounts receivable	732
Due from other agencies	46,270
Due from affiliate	73,580
Prepaid expenses	42,122
	501,490
NONCURRENT ASSETS:	
Deposits	22,045
Capital assets, depreciable	382,998
Less accumulated depreciation	(249,089)
	155,954
Total assets	657,444

L I A B I L I T I E S A N D N E T P O S I T I O N

CURRENT LIABILITIES:	
Accounts payable	35,347
Accrued payroll and related taxes	151,923
Accrued interest	118
Note payable - due within one year	4,201
	191,589
NONCURRENT LIABILITIES:	
Note payable - due in more than one year	84,339
	275,928
COMMITMENTS AND CONTINGENCIES (Note 6 and 9)	-
NET POSITION:	
Net investment in capital assets, as previously reported (Note 11)	45,369
Unrestricted	336,147
	381,516
Total net position	\$ 381,516

The accompanying notes to basic financial statements are an integral part of these statements.

FLORIDA INTERNATIONAL ACADEMY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities Net Revenue (Expense) and Change in Net Position</u>
		<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>	
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Instruction:				
Regular instruction	\$ 1,071,471	\$ -	\$ 307,848	\$ (763,623)
Exceptional instruction	38,300	-	-	(38,300)
Instructional support services:				
Administrative services	253,188	-	-	(253,188)
Facilities acquisition and construction	264,600	141,426	-	(123,174)
Plant operations	338,236	-	-	(338,236)
Plant maintenance	17,437	-	-	(17,437)
Transportation	213,110	-	-	(213,110)
Operation of non-instructional services:				
Food services	218,519	-	223,325	4,806
Board services	13,430	-	-	(13,430)
Fiscal services	107,794	-	-	(107,794)
Community services	226,806	-	-	(226,806)
Debt service:				
Interest	8,563	-	-	(8,563)
	<u>8,563</u>	<u>-</u>	<u>-</u>	<u>(8,563)</u>
Total governmental activities	<u>\$ 2,771,454</u>	<u>\$ 141,426</u>	<u>\$ 531,173</u>	<u>(2,098,855)</u>
General revenues:				
FTE non-specific revenues				2,065,634
Miscellaneous revenues				29,716
Investment earnings				5
				<u>2,095,355</u>
				Change in net position (3,500)
				<u>385,016</u>
				Net position, July 1, 2012
				<u>\$ 381,516</u>
				Net position, June 30, 2013

The accompanying notes to basic financial statements are an integral part of these statements.

FLORIDA INTERNATIONAL ACADEMY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

A S S E T S

	General Fund	Special Revenue Fund	Capital Project Fund	Total
ASSETS:				
Cash	\$ 338,786	\$ -	\$ -	\$ 338,786
Accounts receivable	732	-	-	732
Due from other agencies	10,737	35,533	-	46,270
Due from affiliate	73,580	-	-	73,580
Prepaid expenditures	42,122	-	-	42,122
Deposits	22,045	-	-	22,045
Due from other funds	25,957	-	-	25,957
Total assets	\$ 513,959	\$ 35,533	\$ -	\$ 549,492

L I A B I L I T I E S A N D F U N D B A L A N C E S

LIABILITIES:				
Accounts payable	\$ 35,347	\$ -	\$ -	\$ 35,347
Accrued payroll and related taxes	151,923	-	-	151,923
Due to other funds	-	25,957	-	25,957
Total liabilities	187,270	25,957	-	213,227
COMMITMENTS AND CONTINGENCIES (Note 6 and 9)				
	-	-	-	-
FUND BALANCE:				
Nonspendable for prepaid expenditures and deposits	64,167	-	-	64,167
Unassigned	262,522	9,576	-	272,098
Total fund balances	326,689	9,576	-	336,265
Total liabilities and fund balances	\$ 513,959	\$ 35,533	\$ -	\$ 549,492

The accompanying notes to basic financial statements are an integral part of these statements.

FLORIDA INTERNATIONAL ACADEMY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
June 30, 2013

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total fund balance - governmental fund, page 9	\$	336,265
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Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the governmental fund.

Cost of capital assets	\$	382,998	
Accumulated depreciation		<u>(249,089)</u>	133,909

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the governmental-wide statements.

Debt		(88,540)	
Accrued interest payable		<u>(118)</u>	<u>(88,658)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 7	\$	<u><u>381,516</u></u>
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The accompanying notes to basic financial statements are an integral part of these statements.

FLORIDA INTERNATIONAL ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Project Fund	Total
REVENUES:				
State sources	\$ 2,068,365	\$ 4,162	\$ 141,426	\$ 2,213,953
Federal sources	-	521,016	-	521,016
Local sources	26,989	5,996	-	32,985
Total revenues	2,095,354	531,174	141,426	2,767,954
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	979,030	86,810	-	1,065,840
Exceptional instruction	38,300	-	-	38,300
Instructional support services:				
Administrative services	253,188	-	-	253,188
Facilities acquisition and construction	249,987	-	-	249,987
Plant operations	196,810	-	141,426	338,236
Plant maintenance	17,437	-	-	17,437
Transportation	213,110	-	-	213,110
Operation of non-instructional services:				
Food services	-	218,519	-	218,519
Board services	13,430	-	-	13,430
Fiscal services	107,794	-	-	107,794
Central services	-	-	-	-
Community services	6,641	220,165	-	226,806
Capital outlay				
Site, building and equipment	-	-	-	-
Debt service:				
Principal	7,629	-	-	7,629
Interest	8,563	-	-	8,563
Total expenditures	2,091,919	525,494	141,426	2,758,839
Net change in fund balance before other sources	3,435	5,680	-	9,115
OTHER SOURCES:				
Proceeds from issuance of debt	-	-	-	-
Net change in fund balance	3,435	5,680	-	9,115
FUND BALANCES, July 1, 2012	323,254	3,896	-	327,150
FUND BALANCES, June 30, 2013	\$ 326,689	\$ 9,576	\$ -	\$ 336,265

The accompanying notes to basic financial statements are an integral part of these statements.

FLORIDA INTERNATIONAL ACADEMY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCES -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2013

CHANGE IN FUND BALANCES - GOVERNMENTAL FUND, PAGE 11 \$ 9,115

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, these costs are allocated over their estimated useful lives as a provision for depreciation.

Cost of capital assets	\$ 4,475	
Provision for depreciation	<u>(24,719)</u>	(20,244)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets

Repayment of debt principal	<u>7,629</u>	<u>7,629</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES, PAGE 8 \$ (3,500)

The accompanying notes to basic financial statements are an integral part of these statements.

FLORIDA INTERNATIONAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - ORGANIZATION AND OPERATIONS

Florida International Academy (the "School"), a department of Florida International Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The School commenced operations in August 1998 and offers classes for grades six through eight in the City of Miami. Three hundred sixty-seven (367) students were enrolled in classes when the school year ended June 30, 2013.

In June 2010, the Florida International Academy, Inc. was granted an additional charter from the School Board of Miami-Dade County, Florida to operate a public elementary school within the school district. This school, Florida International Elementary School (the "Elementary"), has separate financial statements and is not part of the School's basic financial statements.

The financial statements of the School present only the balances, activity, and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of Florida International Academy, Inc. as of June 30, 2013 and its change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The School operates under a charter granted by the sponsoring School Board, the School Board of Miami-Dade County, Florida. The current charter is effective until June 30, 2015, and may be renewed in increments of one year by mutual written agreement between the School and the District. At the end of the term of the charter, the Board may choose not to renew the charter under grounds specified in the charter, in which case the Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the Board may also terminate the charter if good cause is shown. Florida International Academy is considered a component unit of the School Board of Miami-Dade County, 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 a 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 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 financial statements.

Basis of presentation:

Based on the contractual provisions within the School's contract with the School Board of Miami-Dade County, Florida and the provisions of the Florida Statutes, the School is presented as a governmental organization for financial reporting purposes.

Basic financial statements - government-wide statements:

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

FLORIDA INTERNATIONAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full accrual, economic resource basis, which recognizes all noncurrent assets and receivables, as well as all noncurrent debt and obligations. The School's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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 also supported by general revenues (unrestricted contributions, investment earnings, miscellaneous revenue, etc.). The statement of activities reduces gross expenses (including provision for depreciation) by related program revenues, operating and capital grants. 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.

This government-wide focus is more on the ability to sustain the School as an entity and the change in the School's net position resulting from the current year's activities.

Basic financial statements - fund financial statements:

The accounts of the School are organized on the basis of funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The School reports the following major funds:

General Fund – This fund is employed in accounting for all the operating activities of the School except those required to be accounted for in another fund

Special Revenue Fund – This fund is used to account for federal grants that are legally restricted to expenditures for particular purposes

Capital Projects Fund – This fund is used to account for state capital outlay funding that is legally restricted to expenditures for particular purposes.

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

FLORIDA INTERNATIONAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned revenue:

Unearned revenue arises when the School receives resources before it has a legal claim to them.

Net position:

Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets – represents the difference between the cost of any capital assets, less accumulated depreciation reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvements of those assets, if any.
- Restricted net assets – consists of net position with constraints placed on their 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.
- Unrestricted – indicates that portion of net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

Fund Balance:

The school has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications to report on the nature and extent to which the School is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- Nonspendable – amounts that are not in spendable form (such as prepaid items and deposits) or are legally or contractually required to be maintained intact.
- Restricted – amounts constrained to specific purposes by external providers (such as grantors) or imposed by law through constitutional provisions, or by enabling legislation.
- Committed – amounts constrained to specific purposes by formal action of the School itself, using its highest level of decision making authority (i.e., the School Board) through Resolution. To be reported as committed, amounts cannot be used for any other purpose unless the School Board takes the same highest level action (i.e., Resolution) to remove or change the constraint.
- Assigned – amounts the School intends to use for a specific purpose but are neither restricted nor committed. Assignments can be made by the School's body or any delegated authority at their direction.
- Unassigned – amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the General Fund.

FLORIDA INTERNATIONAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The details of the fund balances are included in the Governmental Balance Sheet on Page 9.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School Board or its delegated official or body has provided otherwise in its commitment or assignment actions.

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 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 governmental-wide statement uses the economic resources measurement focus.

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

The governmental fund basic financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Cash and cash equivalents:

Cash and cash equivalents are defined as demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

Capital assets:

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 750 and useful life of over one year. Donated capital assets are valued at their 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 all assets is provided on the straight-line basis over the estimated useful lives as follows:

Equipment	5 years
Vehicles	5 years
Leasehold improvements	5-10 years

FLORIDA INTERNATIONAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes:

The School is a department of a nonprofit corporation whose revenue is derived primarily from other governmental entities. The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these basic financial statements.

Grant and contract revenue:

Grant and contract revenue is recognized when the allowable costs as defined by the individual grant or contract are incurred.

Due from other governments:

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Prepaid expenses/expenditures:

Certain payments to vendors reflect cost applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements.

Use of estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Date of management's review:

Subsequent events have been evaluated through September 3, 2013, which is the date the financial statements were available to be issued.

NOTE 3 - BUDGET

The School formally adopted a budget for the General Fund by function for the year ended June 30, 2013. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to the final budgeted amounts for the General Fund and Special Revenue Fund are presented as required supplemental information.

NOTE 4 - DEPOSITS

At June 30, 2013 the total carrying amount of the School's cash balances was \$ 338,786. The bank balance at local depositories was \$ 405,470, for which the entire balance was insured by the FDIC.

FLORIDA INTERNATIONAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 4 – DEPOSITS (continued)

State statute require, and it is the School’s policy, that all deposits be made into, and be held by, financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity’s funds. The minimal collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School’s deposits are held in a qualified public depository. They are covered by the collateral pool, as the School has identified itself as a public entity at June 30, 2013.

NOTE 5 - CAPITAL ASSETS

A summary of changes in governmental capital assets is as follows:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Capital assets, being depreciated:				
Equipment	\$ 212,171	\$ 2,371	\$ -	\$ 214,542
Vehicles	14,280	-	-	14,280
Leasehold improvements	<u>152,072</u>	<u>2,104</u>	<u>-</u>	<u>154,176</u>
Total capital assets, being depreciated	<u>378,523</u>	<u>4,475</u>	<u>-</u>	<u>382,998</u>
Accumulated depreciation:				
Equipment	(194,831)	(8,047)	-	(202,878)
Vehicles	(14,280)	-	-	(14,280)
Leasehold improvements	<u>(15,259)</u>	<u>(16,672)</u>	<u>-</u>	<u>(31,931)</u>
Total accumulated depreciation	<u>(224,370)</u>	<u>(24,719)</u>	<u>-</u>	<u>(249,089)</u>
Net capital assets	\$ <u>154,153</u>	\$ <u>(20,244)</u>	\$ <u>-</u>	\$ <u>133,909</u>

Depreciation for the year ended June 30, 2013, amounted to \$ 24,719, of which was allocated to Regular instruction and facilities acquisition and construction in the amounts of \$ 11,730 and \$ 17,397 respectively.

As part of the School's charter contract, all capital assets purchased with public funds will automatically revert to the district school board upon the non-renewal or termination of the contract.

NOTE 6 - CONTINGENCIES AND COMMITMENTS

Grant funding:

The School received financial assistance from federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Florida Single Audit Act, the School is required to conduct a "single audit" since the required threshold for both Federal and state money is currently \$ 500,000 and the School exceeded such threshold. The School is currently in process of completing this requirement.

FLORIDA INTERNATIONAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 6 - CONTINGENCIES AND COMMITMENTS (continued)

Management agreement:

The School also has a contract with a management company to assist the performance of various administrative, operating, and financial duties. Under the terms of the agreement, the School will pay monthly \$ 7,500 through June 2013. The total amount incurred during the year ended June 30, 2013 relating to this contract was \$ 90,000. This contract can be terminated unilaterally by either party if school enrollment falls below 200 students. This agreement was renewed for the following fiscal year.

NOTE 7 - RELATED PARTY TRANSACTIONS

The School is related to Florida International Elementary Academy (“the Elementary”) through being operated under the same not-for-profit organization, Florida International Academy, Inc. The Elementary was granted its charter in May 2010, and began operations August 2010. The School and the Elementary share various cost inherent with operation out of the same facility and may also advance monies on an interim basis to one another. As a result of these transactions, the School was owed \$ 73,580 as of June 30, 2013.

NOTE 8 - DEBT

During the year, the School financed certain facility improvements through the issuance of a note payable. The note is payable monthly in the amount of \$ 945 including principal and interest at a rate of 10% until November 2021. The balance outstanding on the above note payable as of June 30, 2013 was \$ 64,347.

In addition, the School has a \$ 50,000 revolving unsecured line of credit from a bank expiring July 2013, which bears interest at 3.00% above the prime rate (3.25%) at June 30, 2013. This line of credit is renewable annually with the School’s payment of the Commitment Fee. The balance outstanding on the above mentioned line of credit amounted to \$ 35,893 as of June 30, 2013.

The following table summarizes the debt activity for the year ended June 30, 2013:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013	Due In One Year
Note payable	\$ 56,450	\$ -	\$ 3,803	\$ 52,647	\$ 4,201
Credit line	39,719	-	3,826	35,893	-
	<u>\$ 96,169</u>	<u>\$ -</u>	<u>\$ 7,629</u>	<u>\$ 88,540</u>	<u>\$ 4,201</u>

The following are principal over the life of the above note payable:

Year Ending June 30	
2014	4,201
2015	4,641
2016	5,127
2017	5,664
2018	6,257
2019-2022	26,757
	<u>\$ 52,647</u>

FLORIDA INTERNATIONAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 9 - LEASES

The School leases facilities for its operations under a joint agreement with the Elementary where 45% of the lease expense is allocated to the School and 55% is allocated to the Elementary. The lease agreement became effective August 1, 2010 and expires on July 31, 2035. The agreement has the option for four, five year extensions, subsequent to the end of the 25 year lease term. In addition, the Schools have the option to purchase the property for approximately \$ 11,000,000 for the first four years of the agreement. Rent is based on agreed upon amounts for the initial three years and then increased by the consumer price index in effect for the third year. Monthly lease payments are approximately \$ 31,700. Total expense in connection with the facility lease amounted to approximately \$ 379,100 for the year ended June 30, 2013.

Future base lease payments in accordance with the new agreement are as follows:

Year Ending <u>June 30</u>		
2014	\$	357,800
2015	\$	357,800
2016	\$	357,800
2017	\$	357,800
2018	\$	357,800
2019-2023	\$	1,788,800
2024-2028	\$	1,788,800
2029-2033	\$	1,788,800
2034-2035	\$	745,300

NOTE 10 – RISK FINANCING

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School places all insurance risk, less nominal deductibles, in the hands of commercial carriers. At the present time, management believes that any claims the School may have are insured and that any expense associated with them will not materially affect the financial position of the School.

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

Beginning fund balance and net position were adjusted by \$ 4,763 due to certain errors in allocations of program activities to the related party schools (Academy and Elementary).

REQUIRED SUPPLEMENTAL INFORMATION

FLORIDA INTERNATIONAL ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2013

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
State sources	\$ 2,171,068	\$ 2,209,516	\$ 2,068,365	\$ (141,151)
Federal sources	-	-	-	-
Local sources	<u>51,664</u>	<u>41,668</u>	<u>26,989</u>	<u>(14,679)</u>
 Total revenues	 <u>2,222,732</u>	 <u>2,251,184</u>	 <u>2,095,354</u>	 <u>(155,830)</u>
 EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	1,038,110	1,043,641	979,030	64,611
Exceptional instruction	-	-	38,300	(38,300)
Instructional support services:				
Pupil services	-	-	-	-
Instructional media services	-	-	-	-
Instructional services - other	1,300	1,300	-	1,300
Administrative services	232,208	230,908	253,188	(22,280)
Facilities acquisition and construction	390,350	403,850	249,987	153,863
Plant Operations	187,589	198,289	196,810	1,479
Plant maintenance	10,000	21,000	17,437	3,563
Transportation	214,850	214,850	213,110	1,740
Operation of non-instructional services:				
Food services	-	-	-	-
Board services	19,000	21,000	13,430	7,570
Fiscal services	104,000	108,300	107,794	506
Central services	-	-	-	-
Community services	10,113	11,113	6,641	4,472
Capital outlay				
Site, building and equipment	-	-	-	-
Debt service:				
Principal	8,600	8,600	7,629	971
Interest	<u>8,280</u>	<u>9,200</u>	<u>8,563</u>	<u>637</u>
 Total expenditures	 <u>2,224,400</u>	 <u>2,272,051</u>	 <u>2,091,919</u>	 <u>180,132</u>
 Net change in fund balance before other sources	 (1,668)	 (20,867)	 3,435	 24,302
 OTHER SOURCES:				
Proceeds from issuance of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balance	 (1,668)	 (20,867)	 3,435	 24,302
 FUND BALANCE, July 1, 2012	 <u>323,254</u>	 <u>323,254</u>	 <u>323,254</u>	 <u>-</u>
 FUND BALANCE, June 30, 2013	 <u>\$ 321,586</u>	 <u>\$ 302,387</u>	 <u>\$ 326,689</u>	 <u>\$ 24,302</u>

FLORIDA INTERNATIONAL ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
For the Year Ended June 30, 2013

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
State sources	\$ 2,773	\$ 4,200	\$ 4,162	\$ (38)
Federal sources	574,339	585,392	521,016	(64,376)
Local sources	<u>5,400</u>	<u>5,400</u>	<u>5,996</u>	<u>596</u>
Total revenues	<u>582,512</u>	<u>594,992</u>	<u>531,174</u>	<u>(63,818)</u>
 EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	84,405	86,967	86,810	157
Operation of non-instructional services:				
Food services	208,609	220,379	218,519	1,860
Community services	284,425	284,425	220,165	64,260
Debt service:				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>577,439</u>	<u>591,771</u>	<u>525,494</u>	<u>66,277</u>
Net change in fund balance	5,073	3,221	5,680	2,459
FUND BALANCE, July 1, 2012	<u>8,659</u>	<u>8,659</u>	<u>3,896</u>	<u>4,763.00</u>
FUND BALANCE, June 30, 2013	<u>\$ 13,732</u>	<u>\$ 11,880</u>	<u>\$ 9,576</u>	<u>\$ 7,222</u>

OTHER AUDITORS' REPORTS



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 Board of Directors
Florida International Academy
Miami, Florida

We have audited, 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, the financial statements of the governmental activities and each major fund of Florida International Academy (the "School"), a department of Florida International Academy, Inc. and component unit of the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2013, 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 3, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Keefe, McCullough & Co., LLP
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 3, 2013



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Florida International Academy
Miami, Florida

We have audited the basic financial statements of governmental activities, the General Fund, and the aggregate remaining fund information of Florida International Academy (the "School"), a department of Florida International Academy, Inc. and a component unit of the School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2013, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 27, 2012.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which are dated August 27, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule.

1. Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding audit report.
2. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Florida International Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
3. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
4. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Florida International Academy, Inc.

5. Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Florida International Academy.
6. Pursuant to Sections 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Florida International Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this report is a matter of public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the use and information of the School's management, the Board of Directors, the Auditor General of the State of Florida 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.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
September 3, 2013