

Florida International Academy

(A Component Unit of the Miami-Dade County
School District)

Basic Financial Statements
and Additional Information
For the Year Ended June 30, 2016

Florida International Academy

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INDEPENDENT AUDITOR'S 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 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, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

CPA's + Trusted Advisors

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, 2016, 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.

Emphasis of Matter

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, 2016, and its change in financial position or budgetary comparison, where applicable, for the year ended June 30, 2016, 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 August 30, 2016, 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

Fort Lauderdale, Florida
August 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2016 with certain comparative information for 2015. 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, 2016:

- The School's total liabilities exceeded its assets resulting in a deficit as of June 30, 2016 of \$ 222,917.
- The School's net position decreased by \$ 228,179 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.

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.

The governmental fund financial statements can be found on pages 9 through 12 of this report.

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		
	2016	2015
Current Assets	\$ 192,214	\$ 271,827
Noncurrent Assets	181,150	224,376
Total assets	373,364	496,203
Current Liabilities	290,385	175,500
Noncurrent Liabilities	305,896	315,441
Total liabilities	596,281	490,941
Net Position:		
Net investment in capital assets	82,156	86,327
Unrestricted (deficit)	(305,073)	(81,065)
Total net position	\$ (222,917)	\$ 5,262

**Florida International Academy
Management's Discussion and Analysis
June 30, 2016**

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, 2016 and 2015.

Florida International Academy Change in Net Position		
	2016	2015
Revenues:		
General revenues	\$ 1,877,596	\$ 2,122,684
Program revenues:		
Charges for services	159,872	5,152
Operating grants and contributions	496,488	528,789
Capital outlay funds	116,911	132,011
Total revenues	2,650,867	2,788,636
Expenses:		
Instruction	1,102,376	1,185,815
Administration	420,655	333,118
Operation of plant	648,718	922,970
Community services	167	6,880
Pupil transportation services	262,609	256,145
Administrative technology	30,577	20,318
Food services	329,670	284,405
Fiscal services	65,068	114,579
Board	19,206	23,442
Total expenses	2,879,046	3,147,672
Change in net position	(228,179)	(359,036)
Net Position, July 1,	5,262	364,298
Net Position, June 30,	\$ (222,917)	\$ 5,262

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.

The General Fund is the chief operating fund of the School. At the end of year 2016, unassigned fund balance of the General Fund was a deficit of \$ 68,474, a decrease of \$ 176,531 for the year.

General Fund Budgetary Highlights

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

1. Revenues generated from the School district were substantially less than expected due to enrollment.
2. Fiscal services were less than originally expected as the School performed certain administrative functions that had been performed by an outside third party in the past.

Capital Assets and Debt Administration

Capital assets: The School's investment in capital assets as of June 30, 2016 amounts to \$ 168,105 net of accumulated depreciation. This investment in capital assets is composed of leasehold improvements, vehicles, and office and classroom equipment.

Debt: At June 30, 2016, the School had total outstanding debt of \$ 350,310, including \$ 44,414 on a line of credit, \$ 85,949 balance on the note payable and also the remaining obligation for a long-term obligation of \$ 219,947.

Economic Factors

The School anticipates additional enrollment to offset the unreserved deficit reported in the current year. Overall funding is not expected to change substantially for the current year.

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, 2016

	Governmental Activities
Current Assets:	
Cash	\$ 106,309
Accounts receivable	4,442
Due from other agencies	66,746
Prepaid expenses	<u>14,717</u>
Total current assets	<u>192,214</u>
Noncurrent Assets:	
Deposits	13,045
Capital assets, depreciable	474,351
Less accumulated depreciation	<u>(306,246)</u>
Total noncurrent assets	<u>181,150</u>
Total assets	<u>373,364</u>
Current Liabilities:	
Accounts payable	159,323
Accrued payroll and related taxes	68,098
Deposit payable	18,550
Debt - due within one year	<u>44,414</u>
Total current liabilities	290,385
Noncurrent Liabilities:	
Debt - due in more than one year	<u>305,896</u>
Total liabilities	<u>596,281</u>
Net Position (deficit):	
Net investment in capital assets	82,156
Unrestricted (deficit)	<u>(305,073)</u>
Total net position (deficit)	\$ <u><u>(222,917)</u></u>

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, 2016

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Operating Grants and Contributions</u>	<u>Activities</u>
					<u>Net Revenue (Expense) and Change in Net Position</u>
Functions/Programs:					
Governmental activities:					
Instruction:					
Regular instruction	\$ 1,090,038	\$ -	\$ -	\$ 69,032	\$ (1,021,006)
Exceptional instruction	12,338	-	-	-	(12,338)
Instructional support services:					
Administrative services	420,655	-	-	-	(420,655)
Facilities acquisition and construction:					
Plant operations	335,936	-	116,911	-	(219,025)
Plant maintenance	289,784	-	-	-	(289,784)
Pupil transportation services	22,998	-	-	-	(22,998)
Administrative technology	262,609	-	-	-	(262,609)
Administrative technology	30,577	-	-	-	(30,577)
Operation of non-instructional services:					
Food services	329,670	159,872	-	169,798	-
Board services	7,071	-	-	-	(7,071)
Fiscal services	65,068	-	-	-	(65,068)
Community services	167	-	-	257,658	257,491
Debt service:					
Interest	12,135	-	-	-	(12,135)
Total governmental activities	<u>\$ 2,879,046</u>	<u>\$ 159,872</u>	<u>116,911</u>	<u>\$ 496,488</u>	<u>(2,105,775)</u>
General revenues:					
FTE non-specific revenues					1,813,378
Miscellaneous revenues					64,218
Total general revenues					<u>1,877,596</u>
Change in net position					(228,179)
Net position, July 1, 2015					<u>5,262</u>
Net position (deficit), June 30, 2016					<u>\$ (222,917)</u>

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

Florida International Academy
Balance Sheet - Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Assets:				
Cash	\$ 106,309	\$ -	\$ -	\$ 106,309
Accounts receivable	4,442	-	-	4,442
Due from other agencies	-	56,992	9,754	66,746
Prepaid expenditures	14,717	-	-	14,717
Deposits	13,045	-	-	13,045
Due from other funds	66,746	-	-	66,746
	<u>205,259</u>	<u>56,992</u>	<u>9,754</u>	<u>272,005</u>
Total assets	\$ <u>205,259</u>	\$ <u>56,992</u>	\$ <u>9,754</u>	\$ <u>272,005</u>
Liabilities:				
Accounts payable	\$ 159,323	\$ -	\$ -	\$ 159,323
Accrued payroll and related taxes	68,098	-	-	68,098
Deposit payable	18,550	-	-	18,550
Due to other funds	-	56,992	9,754	66,746
	<u>245,971</u>	<u>56,992</u>	<u>9,754</u>	<u>312,717</u>
Total liabilities	<u>245,971</u>	<u>56,992</u>	<u>9,754</u>	<u>312,717</u>
Fund Balances (Deficit):				
Nonspendable for prepaid expenditures and deposits	27,762	-	-	27,762
Unassigned (deficit)	(68,474)	-	-	(68,474)
	<u>(40,712)</u>	<u>-</u>	<u>-</u>	<u>(40,712)</u>
Total fund balances (deficit)	<u>(40,712)</u>	<u>-</u>	<u>-</u>	<u>(40,712)</u>
Total liabilities and fund balances (deficit)	\$ <u>205,259</u>	\$ <u>56,992</u>	\$ <u>9,754</u>	\$ <u>272,005</u>

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

**Florida International Academy
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2016**

**Amounts Reported for Governmental Activities in the
 Statement of Net Position are Different Because:**

Total fund balances (deficit) - governmental funds \$ (40,712)

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

Cost of capital assets	\$	474,351	
Accumulated depreciation		<u>(306,246)</u>	168,105

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			<u>(350,310)</u>
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Net Position (Deficit) of Governmental Activities			\$ <u><u>(222,917)</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
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Revenues:				
State sources	\$ 1,813,378	\$ -	\$ 116,911	\$ 1,930,289
Federal sources	-	656,360	-	656,360
Local sources	64,218	-	-	64,218
	<u>1,877,596</u>	<u>656,360</u>	<u>116,911</u>	<u>2,650,867</u>
Total revenues				
Expenditures:				
Current:				
Instruction:				
Regular instruction	803,615	268,247	-	1,071,862
Exceptional instruction	12,338	-	-	12,338
Instructional support services:				
Administrative services	420,655	-	-	420,655
Facilities acquisition and construction	308,671	-	-	308,671
Plant operations	158,268	-	131,516	289,784
Plant maintenance	22,998	-	-	22,998
Pupil transportation services	201,103	61,506	-	262,609
Administrative technology	30,577	-	-	30,577
Operation of non-instructional services:				
Food services	-	329,670	-	329,670
Board services	7,071	-	-	7,071
Fiscal services	65,068	-	-	65,068
Community services	167	-	-	167
Capital outlay				
Site, building and equipment	2,215	-	-	2,215
Debt service:				
Principal	16,641	-	-	16,641
Interest	12,135	-	-	12,135
	<u>2,061,522</u>	<u>659,423</u>	<u>131,516</u>	<u>2,852,461</u>
Total expenditures				
Net change in fund balances before other sources	(183,926)	(3,063)	(14,605)	(201,594)
Other Sources:				
Transfer in	-	-	14,605	14,605
Transfer out	(14,605)	-	-	(14,605)
Proceeds from long-term obligations	22,000	-	-	22,000
	<u>(176,531)</u>	<u>(3,063)</u>	<u>-</u>	<u>(179,594)</u>
Net change in fund balances				
Fund Balances, July 1, 2015	<u>135,819</u>	<u>3,063</u>	<u>-</u>	<u>138,882</u>
Fund Balances (Deficit), June 30, 2016	<u>\$ (40,712)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (40,712)</u>

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 Changes in Fund Balances -
 Governmental Fund to the Statement of Activities
 For the Year Ended June 30, 2016**

Change in Fund Balances - Governmental Funds \$ (179,594)

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	\$ 2,215	
Provision for depreciation	<u>(45,441)</u>	(43,226)

Long-term obligations are recorded as revenue in the governmental funds but as debt in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position

Proceeds from debt	(22,000)	
Repayment of debt principal	<u>16,641</u>	<u>(5,359)</u>

Change in Net Position of Governmental Activities \$ (228,179)

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

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 twenty-two (322) students were enrolled in classes when the school year ended June 30, 2016.

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, 2016 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, 2018, 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 guidance presented in the American Institute of Certified Public Accountants Audit and Accounting Guide – Not-for-Profit Organizations and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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.

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 can be used for future operations.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

- 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.

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. In addition, the School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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

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.

Due to/from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. Additionally, transfers out of the General fund to the Capital projects fund are to recognize amounts that are designated for capital outlay but included in the General funds operating revenues.

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.

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

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.

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

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.

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 August 30, 2016, 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 and Special Revenue Fund by function for the year ended June 30, 2016. 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, 2016 the total carrying amount of the School's cash balances was \$ 106,309. The bank balance at local depositories was \$ 121,224.

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 depository 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, 2016.

Note 5 - Capital Assets

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

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Capital assets, being depreciated:				
Equipment	\$ 199,644	\$ 2,215	\$ -	\$ 201,859
Vehicles	14,280	-	-	14,280
Leasehold improvements	<u>258,212</u>	<u>-</u>	<u>-</u>	<u>258,212</u>
Total capital assets, being depreciated	<u>472,136</u>	<u>2,215</u>	<u>-</u>	<u>474,351</u>
Accumulated depreciation:				
Equipment	172,731	16,108	-	188,839
Vehicles	14,280	-	-	14,280
Leasehold improvements	<u>73,794</u>	<u>29,333</u>	<u>-</u>	<u>103,127</u>
Total accumulated depreciation	<u>260,805</u>	<u>45,441</u>	<u>-</u>	<u>306,246</u>
Net capital assets	<u>\$ 211,331</u>	<u>\$ (43,226)</u>	<u>\$ -</u>	<u>\$ 168,105</u>

Depreciation for the year ended June 30, 2016, amounted to \$ 45,441, which was allocated to regular instruction and facilities acquisition and construction in the amounts of \$ 18,176 and \$ 27,265, respectively.

Note 5 - Capital Assets (continued)

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 agreements: 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the Florida Single Audit Act, the School is not required to conduct "single audits" since the required threshold for federal awards and state financial assistance is currently \$ 750,000 and \$ 500,000, respectively and the School did not exceed either threshold.

Management agreement: The School also has a contract with a management company to assist the performance of various administrative, operating, and financial duties. This agreement was terminated during the current year. The total amount incurred during the year ended June 30, 2016 relating to this contract was approximately \$ 24,000.

Note 7 – Debt

The School previously financed certain facility improvements through the issuance of a note payable. The note is payable monthly in the amount of \$ 1,718 including principal and interest at a rate of 10% until November 2021. The balance outstanding on the above note payable at June 30, 2016 was \$ 85,949. Subsequent to year end, this note payable was refinanced and consolidated (Note 12) with the renegotiated lease obligation disclosed in the following paragraph.

The School also entered into a long-term agreement to pay past due rent in the amount of \$ 253,000 as noted in Note 8. Payments under this non-interest bearing agreement were to begin August 1, 2015 due in monthly installments of \$ 2,750 through August 1, 2016, at which time the monthly payments will increase to \$ 6,111 through July 2019. This obligation had been recorded with an imputed interest rate of 6.25% in the prior year. Subsequent to year end, this renegotiated lease obligation and the note payable disclosed in the above paragraph were refinanced and consolidated (Note 12).

In addition, the School has a \$ 50,000 revolving unsecured line of credit from a bank, which is due on demand and bears interest at 6.50% at June 30, 2017. 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 \$ 44,414 at June 30, 2016.

The following table summarizes the debt activity for the year ended June 30, 2016:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due In One Year
Note payable	\$ 97,343	\$ -	\$ 11,394	\$ 85,949	\$ -
Renegotiated lease obligation	219,947	-	-	219,947	-
Credit line	<u>27,661</u>	<u>22,000</u>	<u>5,247</u>	<u>44,414</u>	<u>44,414</u>
	<u>\$ 344,951</u>	<u>\$ 22,000</u>	<u>\$ 16,641</u>	<u>\$ 350,310</u>	<u>\$ 44,414</u>

Note 7 – Debt (continued)

The following are approximate future principal payments on the above debt based on subsequent renegotiated debt:

Year Ending <u>June 30,</u>		
2017	\$	44,400
2018	\$	305,900
Thereafter	\$	-

Note 8 - Leases

The School previously leased its facilities for its operations which expires on July 2035. The agreement has the option for four, five year extensions, subsequent to the end of the 25 year lease term. Rent is increased annually by the consumer price index for each succeeding year including option years.

During the year ended June 30, 2015 Florida International Elementary which shared the facility ceased operations leaving the School with full responsibility of the lease.

During the year the School was able to renegotiate the original lease. The renegotiated lease calls for base monthly rent of \$ 37,700 for the year ended June 30, 2016 with annual increases based on the consumer price index. In connection with this lease the School also agreed to pay the past due rent in the amount of \$ 253,000 in the form of a long term obligation (Note 7).

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

Year Ending <u>June 30,</u>		
2017	\$	455,700
2018	\$	452,400
2019	\$	452,400
2020	\$	452,400
2021	\$	452,400
2022-2026	\$	2,262,000
2027-2031	\$	2,262,000
2032-2036	\$	1,847,300

Note 9 – Related party transactions/contributed services

During the year ended June 30, 2016, the School received in-kind contributions from an organization, that one of the Board of directors is a key employee thereof, for various management, administrative, operating, and financial duties. The amount recorded in the accompanying financial statements for these services was \$ 30,000.

Note 10 - Employee Benefit Plan

The School offers all of its full-time employees, who had attained 21 years of age, a retirement plan under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of their annual gross compensation, subject to certain limitations. The School did not make any contribution to the plan for the year ended June 30, 2016.

Note 11 – 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 12 – Subsequent Event

Subsequent to year end, the School's landlord executed a note payable to refinance certain debt and also assist with rental payments in arrears. The amount of the note was \$ 453,000, incurs interest at 8 % and is due and payable with all accrued interest October 2017.

REQUIRED SUPPLEMENTAL
INFORMATION

**Florida International Academy
Statement of Revenues, Expenditures and
Budget and Actual - General Fund
For the Year Ended June 30, 2016**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources	\$ 2,149,829	\$ 2,149,829	\$ 1,813,378	\$ (336,451)
Federal sources	-	-	-	-
Local sources	<u>47,778</u>	<u>47,778</u>	<u>64,218</u>	<u>16,440</u>
Total revenues	<u>2,197,607</u>	<u>2,197,607</u>	<u>1,877,596</u>	<u>(320,011)</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	947,621	947,621	803,615	144,006
Exceptional instruction	-	-	12,338	(12,338)
Instructional support services:				
Administrative services	313,013	313,013	420,655	(107,642)
Facilities acquisition and construction				
Plant operations	384,437	384,437	308,671	75,766
Plant maintenance	181,403	181,403	158,268	23,135
Pupil transportation services	15,000	15,000	22,998	(7,998)
Administrative technology	192,544	192,544	201,103	(8,559)
Operation of non-instructional services:				
Board services	33,000	33,000	30,577	2,423
Fiscal services	25,400	25,400	7,071	18,329
Community services	112,500	112,500	65,068	47,432
Capital outlay	1,300	1,300	167	1,133
Debt service:				
Principal	-	-	2,215	(2,215)
Interest	16,641	16,641	16,641	-
	<u>11,009</u>	<u>11,009</u>	<u>12,135</u>	<u>(1,126)</u>
Total expenditures	<u>2,233,868</u>	<u>2,233,868</u>	<u>2,061,522</u>	<u>172,346</u>
Net change in fund balances before other sources	(36,261)	(36,261)	(183,926)	(147,665)
Other Sources:				
Transfer out	-	-	(14,605)	(14,605)
Proceeds from long-term obligations	<u>-</u>	<u>-</u>	<u>22,000</u>	<u>22,000</u>
Net change in fund balance	<u>\$ (36,261)</u>	<u>\$ (36,261)</u>	(176,531)	<u>\$ (140,270)</u>
Fund Balance, July 1, 2015			<u>135,819</u>	
Fund Balance (deficit), June 30, 2016			<u>\$ (40,712)</u>	

**Florida International Academy
Statement of Revenues, Expenditures and
Budget and Actual - Special Revenue Fund
For the Year Ended June 30, 2016**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
State sources	\$ 13,607	\$ 13,607	\$ -	\$ (13,607)
Federal sources	547,010	547,010	656,360	109,350
Local sources	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Total revenues	<u>566,617</u>	<u>566,617</u>	<u>656,360</u>	<u>89,743</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	69,030	69,030	268,247	(199,217)
Instructional support services:				
Pupil transportation services	-	-	61,506	(61,506)
Operation of non-instructional services:				
Food services	335,067	335,067	329,670	5,397
Community services	<u>166,980</u>	<u>166,980</u>	<u>-</u>	<u>166,980</u>
Total expenditures	<u>571,077</u>	<u>571,077</u>	<u>659,423</u>	<u>(88,346)</u>
Net change in fund balance	<u>\$ (4,460)</u>	<u>\$ (4,460)</u>	(3,063)	<u>\$ 1,397</u>
Fund Balance, July 1, 2015			<u>3,063</u>	
Fund Balance, June 30, 2016			<u>\$ -</u>	

OTHER AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S 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, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 30, 2016.

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*.

Florida International Academy, Inc.

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 on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 30, 2016

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
Florida International Academy
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of Florida International Academy (the "School"), a component unit of the School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated August 30, 2016.

Auditor's 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 Report

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 30, 2016, 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 recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Florida International Academy.

Financial Condition

Section 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination 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 School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Florida International Academy, Inc.

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.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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.

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 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, the Board of Directors and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
August 30, 2016