



SOUTH POINT SCHOLARS ACADEMY, INC.

(A CHARTER SCHOOL AND COMPONENT UNIT OF THE
MIAMI-DADE COUNTY SCHOOL BOARD)

Homestead, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2024

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South Point Scholars Academy, Inc.

24555 SW 112 Avenue
Homestead, FL 33032

2023-2024

BOARD OF DIRECTORS

Antonio J. Sanchez, Board Chair
Maribella Lemus, Vice-Chair
Roberto Hernandez, Treasurer
Niurka Gonzalez, Secretary
Jesus Bujan, Board Member
Daymara Vega Navarro, Board Member

SCHOOL ADMINISTRATION

Ms. Dianet de Armas, Principal



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
South Point Scholars Academy, Inc.
Homestead, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of South Point Scholars Academy, Inc. (the "School"), as of, and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of South Point Scholars Academy, Inc. as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Point Scholars Academy, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 26 to 27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 26, 2024

Management's Discussion and Analysis
South Point Scholars Academy, Inc.
June 30, 2024

The corporate officers of The South Point Scholars Academy, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

1. The net position of the School at June 30, 2024 was \$34,164.
2. At year-end, the School had current assets on hand of \$218,068.
3. The School had an increase in its net position of \$73,002 for the year ended June 30, 2024.
4. The unassigned fund balance at year end was \$132,930.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2024 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 10 – 11 of this report.

Fund Financial Statements

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

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

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 16 - 25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by \$34,164 at the close of the fiscal year. A summary of the School's net position as of June 30, 2024 and 2023 follows:

	2024	2023
Cash	\$ 139,673	\$ 132,392
Due from other agencies	43,633	38,700
Prepaid expenses and other assets	34,762	-
Capital and right of use assets, net	16,472	-
Total Assets	<u>234,540</u>	<u>171,092</u>
Deferred outflows of resources	-	-
Accounts and wages payable and accrued liabilities	50,376	59,930
Note payable	150,000	150,000
Total Liabilities	<u>200,376</u>	<u>209,930</u>
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	16,472	-
Unrestricted	17,692	(38,838)
Total Net Position	<u>\$ 34,164</u>	<u>\$ (38,838)</u>

At the end of the current fiscal year, the School is able to report a positive balance in its net position.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2024 and 2023 follows:

REVENUES	<u>2024</u>	<u>2023</u>
Program Revenues		
Operating Grants and Contributions	\$ 56,368	\$ 43,100
Capital Grants and Contributions	63,401	-
General Revenues		
State and Local Sources	807,531	592,038
Other Revenues	600	-
Total Revenues	<u>\$ 927,900</u>	<u>\$ 635,138</u>
EXPENSES		
Governmental Activities:		
Instruction	\$ 368,935	\$ 350,275
Instructional staff training	-	52,882
Board	32,849	-
General administration	62,586	-
School administration	159,421	75,636
Facilities acquisition	-	113,455
Fiscal services	-	25,756
Central services	2,044	-
Operation of plant	229,063	62,428
Total Expenses	<u>854,898</u>	<u>680,432</u>
Change in Net Position	73,002	(45,294)
Net Position at Beginning of Year	(38,838)	6,456
Net Position at End of Year	<u>\$ 34,164</u>	<u>\$ (38,838)</u>

The School's revenues and expenses increased by \$292,762 and \$174,466, respectively. In addition, the School had an increase in its net position of \$73,002 for the year.

School Location and Lease of Facility

The School Operates in the Homestead area located at 24555 SW 112 Avenue, Homestead, FL 33032.

Capital Improvement Requirements

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

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, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$167,692. The fund balance unassigned and available for spending at the School's discretion is \$132,930. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets as of June 30, 2024 amounts to \$16,472 (net of accumulated depreciation). This investment in capital assets includes audiovisual, furniture, fixtures, and computer equipment. As of June 30, 2024, the School had no long-term liabilities associated to its capital assets.

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

	Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital Grants and Contributions	\$ 39,105	\$ 47,245	\$ 63,401
Local capital improvement revenue	52,500	132,271	116,115
Federal sources	127,883	56,369	56,368
	-	-	-
General Revenues			
State and Local Sources	688,096	691,416	691,416
Other revenue	-	600	600
Total Revenues	<u>907,584</u>	<u>927,901</u>	<u>927,900</u>
CURRENT EXPENDITURES			
Governmental Activities			
Instruction	423,394	385,581	368,935
Instructional staff training	1,500	-	-
Board	10,000	26,161	32,849
General administration	32,990	27,785	62,586
School administration	102,777	151,729	156,461
Fiscal services	51,350	40,801	-
Facilities and acquisition	-	94,599	-
Central services	-	2,044	2,044
Operation of plant	225,011	134,291	229,063
Administrative technology services	-	1,690	-
Total Current Expenditures	<u>\$ 847,022</u>	<u>\$ 864,681</u>	<u>\$ 851,938</u>

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Dianet de Armas at the School's address and Management School Solutions, Inc.

South Point Scholars Academy, Inc.
(A Charter School and Component Unit of the Miami-Dade County School Board)

Statement of Net Position
June 30, 2024

	Governmental Activities
<u>Assets</u>	
Current assets:	
Cash	\$ 139,673
Due from other agencies	43,633
Prepaid expenses and other assets	34,762
Total Current Assets	218,068
Capital assets, net	
Capital assets, depreciable	19,432
Less: accumulated depreciation	(2,960)
Total Capital Assets, Net	16,472
Total Assets	234,540
<u>Deferred Outflows of Resources</u>	-
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	16,453
Salaries and wages payable	33,923
Total Current Liabilities	50,376
Loan payable	150,000
Total Liabilities	200,376
<u>Deferred Inflows of Resources</u>	-
<u>Net Position</u>	
Net investment in capital assets	16,472
Unrestricted	17,692
Total Net Position	\$ 34,164

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

South Point Scholars Academy, Inc.
(A Charter School and Component Unit of the Miami-Dade County School Board)

Statement of Activities
For the year ended June 30, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 368,935	\$ -	\$ 53,860	\$ -	\$ (315,075)
Board	32,849	-	-	-	(32,849)
General administration	62,586	-	-	-	(62,586)
School administration	159,421	-	-	-	(159,421)
Central services	2,044	-	-	-	(2,044)
Operation of plant	229,063	-	2,508	63,401	(163,154)
Total governmental activities	\$ 854,898	\$ -	\$ 56,368	\$ 63,401	\$ (735,129)
General revenues:					
State and local sources					\$ 807,531
Other revenue					600
Change in net position					73,002
Net position (deficit), beginning					(38,838)
Net position, ending					\$ 34,164

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

South Point Scholars Academy, Inc.
(A Charter School and Component Unit of the Miami-Dade County School Board)

Balance Sheet - Governmental Funds
June 30, 2024

	General Fund	Special Revenue fund	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 139,673	\$ -	\$ 139,673
Due from other agencies	-	43,633	43,633
Due from other agencies	43,633	-	43,633
Prepaid expenses and other current assets	34,762	-	34,762
Total Assets	218,068	43,633	261,701
<u>Deferred Outflows of Resources</u>	-	-	-
<u>Liabilities</u>			
Salaries and wages payable	33,923	-	33,923
Accounts payable	16,453	-	16,453
Due to other funds	-	43,633	43,633
Total Liabilities	50,376	43,633	94,009
<u>Deferred Inflows of Resources</u>	-	-	-
<u>Fund balance</u>			
Nonspendable, not in spendable form	34,762	-	34,762
Unassigned	132,930	-	132,930
	167,692	-	167,692
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 218,068	\$ 43,633	\$ 261,701

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

South Point Scholars Academy, Inc.
(A Charter School and Component Unit of the Miami-Dade County School Board)
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balance - Governmental Funds \$ 167,692

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

Depreciable and non-depreciable capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the fund.

Capital assets, depreciable	19,432	
Less: accumulated depreciation	<u>(2,960)</u>	<u>16,472</u>

Long term liabilities are not due and payable in the current period and, therefore, is not reported in the governmental funds.

(150,000)

Total Net Position - Governmental Activities \$ 34,164

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

South Point Scholars Academy, Inc.
(A Charter School and Component Unit of the Miami-Dade County School Board)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2024

	Special		Capital	Total
	General Fund	Revenue fund	Projects Fund	Governmental Funds
Revenues:				
State capital outlay funding	\$ -	\$ -	\$ 47,245	\$ 47,245
State passed through local	691,416	-	-	691,416
Local sources	116,115	-	16,156	132,271
Federal sources	-	56,368	-	56,368
Other revenue	600	-	-	600
Total Revenues	808,131	56,368	63,401	927,900
Expenditures:				
Current				
Instruction	342,287	26,648	-	368,935
Board	32,849	-	-	32,849
General administration	62,586	-	-	62,586
School administration	156,461	-	-	156,461
Central services	2,044	-	-	2,044
Operation of plant	163,154	2,508	63,401	229,063
Capital Outlay:				
Other capital outlay	693	18,739	-	19,432
Total Expenditures	760,074	47,895	63,401	871,370
Excess (deficit) of revenues over expenditures	48,057	8,473	-	56,530
Other financing sources (uses)				
Transfers in (out)	8,473	(8,473)	-	-
Net change in fund balance	56,530	-	-	56,530
Fund Balance at beginning of year, as restated	111,162	-	-	111,162
Fund Balance at end of year	\$ 167,692	\$ -	\$ -	\$ 167,692

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

South Point Scholars Academy, Inc.
(A Charter School and Component Unit of the Miami-Dade County School Board)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2024

Net Change in Fund Balance - Governmental Funds	\$	56,530
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation.

Capital Outlay	19,432	
Depreciation expense	<u>(2,960)</u>	<u>16,472</u>

Change in Net Position of Governmental Activities	\$	<u>73,002</u>
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The accompanying notes are an integral
part of this financial statement.

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

South Point Scholars Academy, Inc., (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The School is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of the School which is composed of six members. The board of directors has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expires on June 30, 2026. It can be renewed for additional terms in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Homestead, Florida for students from kindergarten through first grade. These financial statements are for the year ended June 30, 2024, when on average 80 students were enrolled during the school year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other state and local sources.

Note 1 – Summary of Significant Accounting Policies (continued)

These statements also do not include fiduciary funds.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds:

General Fund - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

Special Revenue Fund – accounts for specific revenues, such as federal funding, and COVID-19 emergency relief funding that are legally restricted to expenditures for particular purposes.

Capital Projects Fund – is used to account for the resources restricted for the acquisition or construction of specific capital assets and for state capital outlay funding.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Florida Education Finance Program (FEFP) revenues are recognized when received.

A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made.

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.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Inter-fund Transfers

Inter-fund receivables/payables (“due to/from” other funds) are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Due from Other Governments or Agencies

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an 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 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts.

Prepaid Expenses and other Current Assets

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$750 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the governmentwide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

The right to use assets are initially measure at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Estimated useful lives, in years, for capital assets are as follows:

Furniture, Equipment and Audiovisual	5 Years
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Note 1 – Summary of Significant Accounting Policies (continued)

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year it is made. In addition, the School receives a portion of the local operating millage revenues levied by the District (Secure our Future Referendum).

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement revenues levied by the District.

Finally, the School also receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Compensated Absences

The School grants a specific number of sick/personal days. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period (a "benefit year"). In the event that available time is not used by the end of the benefit year, employees may "rollover" all unused days for use in future benefit years. There is an opportunity to "cash out" unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

Note 1 – Summary of Significant Accounting Policies (continued)

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years. The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Net Position and Fund Balance Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets – consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for a specific purpose, it is the School's policy to use restricted resources first, until exhausted, before using unrestricted resources.

Fund Financial Statements

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

- a) Nonspendable - includes amounts that cannot be spent because they are either not expected to be converted to cash or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- b) Restricted - this classification includes fund balance category amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Note 1 – Summary of Significant Accounting Policies (continued)

- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Income Taxes

South Point Scholars Academy, Inc., qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Long-Term Debt and Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of position. In the fund financial statements, government fund types report the face amount of the debt issued as other financing sources. Principal payments and issuance costs are reported as debt service expenditures.

New Accounting Standard Adopted

In fiscal year 2024, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: GASB Statement No. 100, Accounting Changes and Error Corrections. This adoption had no material effect on the School's financial statements as of June 30, 2024.

Pronouncements Issued But Not Yet Effective

GASB has issued GASB Statement No. 101, Compensating Absences. This Statement provides guidance on the accounting and financial reporting for certain types of compensated absences including parental leave, military leave, and injury duty leave. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 26, 2024, which is the date the financial statements were available to be issued.

Note 2 – Deposits Policy and Credit Risk

Deposits

The School maintains its cash and cash equivalents in one financial institution. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. Bank balances may at times be in excess of FDIC coverage. As of June 30, 2024, the School had no balance exceeding the FDIC coverage.

Note 3 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2024:

	Balance 07/01/23	Additions	Retirements/ Reclassifications	Balance 06/30/24
Capital Assets:				
Depreciable:				
Furniture, fixtures and equipment	\$ -	\$ 16,645	\$ -	\$ 16,645
Audio visual materials	-	2,787	-	2,787
Total Depreciable Capital Assets	-	19,432	-	19,432
Less Accumulated Depreciation:				
Furniture, fixtures and equipment	-	(2,774)		(2,774)
Audio visual materials	-	(186)	-	(186)
Total Accumulated Depreciation	-	(2,960)	-	(2,960)
Governmental Activities Capital Assets, net	\$ -	\$ 16,472	\$ -	\$ 16,472

Note 3 – Capital Assets (continued)

For the fiscal year ended June 30, 2024, depreciation expense are allocated in the Statement of Activities by function as follows:

	Depreciation
School administration	\$ 2,960
Total Expense	\$ 2,960

Note 4 – Due from Other Agencies

As of June 30, 2024, due from other agencies represent reimbursements from ESSER and CSP of \$43,633.

Note 5 – Educational Service Provider

The School entered into a management agreement with Management School Solutions, Inc. ("MSS") to provide professional management and consulting services to the School. In its capacity, as the School's management company, MSS manages the day to day educational, financial and operational affairs and aspects of the School. MSS makes recommendations to the School's independent board of directors which make the final determinations regarding policies and contracts.

In providing these management services to the School, officers of MSS may not serve as members of the Board of Directors Of the School. The agreement began on July 1, 2021, and is in effect through June 30, 2031 with an option to renew. The contract can be terminated by either party with 60 days' notice. The contract calls for a management fee of 10% of full time equivalent (FTE) revenues based on the School's enrollment in the first year and 12% thereafter. During the year ended June 30, 2024, the School paid MSS \$27,785 in fees and waived the balance and no amounts were due to MSS at June 30, 2024.

Note 6 – Loan Payable

During the year ended June 30, 2023, the School received non-interest bearing loan from a private lender for working capital purposes. Under the terms of the loan agreement, the repayment terms are contingent upon student enrollment. As of June 30, 2024, the School has not yet met the terms for repayment. The following summarizes the changes in long-term payables during the year.

	Balance 07/01/23	Advances	Repayments	Balance 06/30/24
Notes payable to private lender	\$ 150,000	\$ -	\$ -	\$ 150,000
	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,000</u>

Note 7 – Contingencies and Concentrations

The School receives substantially all of its funding from the State through the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations.

Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Short Term Lease Agreements:

South Point Scholars Academy, Inc., entered into a renewal lease agreement for its current educational facilities on August 1, 2023. The landlord is an affiliate of the School's education service provider. The lease expires on June 30, 2024 with a monthly expense of approximately \$12,500. For the year ended June 30, 2024, the rent expense was \$158,000.

The School has entered into a separate short lease agreement for the 2024-2025 year, commencing on July 1, 2024 through June 30, 2025. The agreement calls for a monthly rent amount of \$16,660 per month up to 155 students, with an additional \$100 per month for each additional student.

Note 8 – Interfund Transfers

Interfund transfers in governmental funds as of June 30, 2024 consist of the following:

	General Fund	Special Revenue Fund
To reimburse the general fund for prior year expenditures	\$ 8,473	\$ (8,473)
Total Transfers, net	<u>\$ 8,473</u>	<u>\$ (8,473)</u>

Note 9 – Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

South Point Scholars Academy, Inc.
(A Charter School and Component Unit of the Miami-Dade County School Board)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2024

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 688,096	\$ 691,416	\$ 691,416
Federal sources	-	4,599	-
Local sources	52,500	116,115	116,115
Other revenue	-	600	600
Total Revenues	740,596	812,730	808,131
EXPENDITURES			
Current:			
Instruction	295,511	340,194	342,287
Instructional staff training	1,500	-	-
Board	10,000	26,161	32,849
General administration	32,990	27,785	62,586
School administration	102,777	151,729	156,461
Fiscal services	51,350	40,801	-
Facilities and acquisition	-	94,599	-
Central services	-	2,044	2,044
Operation of plant	185,906	68,382	163,154
Administrative technology services	-	1,690	-
Total Current Expenditures	680,034	753,385	759,381
Excess of Revenues			
Over Current Expenditures	60,562	59,345	48,750
Capital Outlay	-		693
Total Expenditures	680,034	753,385	760,074
Excess of Revenues Over Expenditures	60,562	59,345	48,057
Other financing sources (uses):			
Transfers in (out)	-	-	8,473
Net change in fund balance	60,562	59,345	56,530
Fund Balance at beginning of year	111,162	111,162	111,162
Fund Balance at end of year	\$ 171,724	\$ 170,507	\$ 167,692

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

South Point Scholars Academy, Inc.
(A Charter School and Component Unit of the Miami-Dade County School Board)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2024

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 127,883	\$ 51,770	\$ 56,368
Total Revenues	127,883	51,770	56,368
EXPENDITURES			
Current:			
Instruction	127,883	45,387	26,648
Operation of Plant	-	2,508	2,508
Total Current Expenditures	127,883	47,895	29,156
Excess (deficit) of Revenues Over Current Expenditures	-	3,875	27,212
Capital Outlay	-	-	18,739
Total Expenditures	127,883	47,895	47,895
Excess (deficit) of Revenues Over Expenditures	-	3,875	8,473
Other financing sources (uses)			
Transfers in (out)	-	-	(8,473)
Net change in fund balance	-	3,875	-
Fund Balance at beginning of year,	-	-	-
Fund Balance at end of year	\$ -	\$ 3,875	\$ -

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



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 of
South Point Scholars Academy, Inc.
Homestead, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of South Point Scholars Academy, Inc. (the "School") as of, and for the year ended June 30, 2024, 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 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

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

We issued a separate management letter dated September 26, 2024 pursuant to Chapter 10.850, Rules of the Auditor General.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 26, 2024



MANAGEMENT LETTER

To the Board of Directors of
South Point Scholars Academy, Inc.
Homestead, Florida

Report on the Financial Statements

We have audited the financial statements of South Point Scholars Academy, Inc. as of and for the fiscal year ended June 30, 2024 and have issued our report thereon dated September 26, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 26, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no findings or recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is: South Point Scholars Academy, Inc., 5836.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for South Point Scholars Academy, Inc.. It is management's responsibility to monitor South Point Scholars Academy, Inc.' 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.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we did not have such recommendations.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether South Point Scholars Academy, Inc. maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that South Point Scholars Academy, Inc. maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has 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 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, School Board of Miami-Dade County, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 26, 2024