

**ACADEMY FOR INNOVATIVE EDUCATION
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORTS THEREON**

JUNE 30, 2025

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Sotolongo & Associates, P.A.

Certified Public Accountants

Report of Independent Auditors on Basic Financial Statements and Required Supplementary Information

To the Board of Directors of
Academy for Innovative Education
Miami Springs, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Academy for Innovative Education (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Academy for Innovative Education, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Auditor's 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 4–10 and 32–33 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 10, 2025, on our consideration of Academy for Innovative Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy for Innovative Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Academy for Innovative Education's internal control over financial reporting and compliance.

Sotolongo & Associates, P.A.

Miami, Florida
September 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Academy for Innovative Education (the "School") presents Management's Discussion and Analysis, which is intended to provide an overview of the School's financial position and changes in financial position for the fiscal year ended June 30, 2025.

Since the focus of the Management's Discussion and Analysis (MD&A) is on the current year activities, resulting changes and currently known facts, it should be read in conjunction with the School's financial statements, including the accompanying notes.

FINANCIAL HIGHLIGHTS

The following are among the major financial highlights:

- At June 30, 2025, the School had a net position of approximately \$8,311,000.
- At June 30, 2025, the School had current assets of approximately \$4,925,000.
- For the year ended June 30, 2025, the School's revenues exceeded expenses by approximately \$3,242,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements and the notes thereto, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

This document also includes the independent auditors' report on compliance and internal control required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Florida Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities, The Florida Virtual School, and Virtual Instruction Program Providers*.

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire school not including fiduciary	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net position and statement of activities	Balance sheet and statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position is an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no major business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School uses or may use the following types of 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 Funds* – account for specific revenue, such as federal grants and student activity revenue, that is legally restricted to expenditures for particular purposes.
- *Capital Projects Fund* – accounts for the financial resources accumulated that are restricted for capital outlays.
- *Debt Service Fund* – accounts for accumulation of resources for, and the payment of, general long-term debt.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The following table provides the School's net position as of June 30, 2025 and 2024:

	Governmental Activities		Amount Increase (Decrease)
	<u>2025</u>	<u>2024</u>	
Current and other assets	\$ 4,924,593	\$ 2,622,979	\$ 2,301,614
Capital assets, net	7,009,896	7,083,921	(74,025)
Total assets	<u>11,934,489</u>	<u>9,706,900</u>	<u>2,227,589</u>
Payroll liabilities and other accrued expenses	389,521	1,221,762	(832,241)
Noncurrent liabilities - due within one year	520,300	407,117	113,183
Noncurrent liabilities - due in more than one year	2,713,281	3,008,568	(295,287)
Total liabilities	<u>3,623,102</u>	<u>4,637,447</u>	<u>(1,014,345)</u>
Net position			
Net investment in capital assets	6,132,529	5,314,120	818,409
Restricted	153,624	69,547	84,077
Unrestricted	2,025,234	(314,214)	2,339,448
Total net position	<u>\$ 8,311,387</u>	<u>\$ 5,069,453</u>	<u>\$ 3,241,934</u>

Current and other assets of the School, primarily consisting of cash and cash equivalents, increased because of the School's increase in net position. Capital assets decreased primarily as a result of depreciation exceeding additions to capital assets. The decrease in salaries payable and other accrued expenses is because there were additional liabilities associated with the construction in progress at June 30, 2024. The decrease in noncurrent liabilities is a result of making scheduled debt payments. The change in total net position was due to the current year increase in net position.

Change in Net Position

The following table compares the changes in the School's net position from its activities for the fiscal years ended June 30, 2025 and 2024:

	Governmental Activities		Amount
	<u>2025</u>	<u>2024</u>	Increase (Decrease)
Revenues:			
Federal through state - grants	\$ 667,068	\$ 912,437	\$ (245,369)
State sources	9,135,032	7,985,930	1,149,102
Capital outlay	658,743	458,471	200,272
Contributions and other revenue	805,083	522,760	282,323
Local source and charges for services	4,226,302	1,441,435	2,784,867
Total revenues	<u>15,492,228</u>	<u>11,321,033</u>	<u>4,171,195</u>
Expenses:			
Instruction	6,303,639	5,540,681	762,958
Student support services	889,172	734,342	154,830
Instruction-related technology	43,769	66,725	(22,956)
Professional development	5,814	5,683	131
Board	69,936	141,731	(71,795)
General administration	293,405	314,116	(20,711)
School administration	1,914,965	1,820,350	94,615
Fiscal services	-	21,694	(21,694)
Central services	87,712	68,080	19,632
Pupil transportation	12,590	35,875	(23,285)
Operation of plant	2,239,206	1,730,487	508,719
Community services	275,313	117,877	157,436
Interest expense	114,773	131,038	(16,265)
Total expenses	<u>12,250,294</u>	<u>10,728,679</u>	<u>1,521,615</u>
			-
Change in net position	<u>\$ 3,241,934</u>	<u>\$ 592,354</u>	<u>\$ 2,649,580</u>

Revenues increased primarily as a result of receiving additional local source income in the fiscal year ended June 30, 2025, including the settlement revenue described in Note 10 to the financial statements. Capital outlay revenue also increased. Expenditures increased primarily as a result of additional payroll and other expenditures incurred related to instruction, student support services, school administration, and operation of plant.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial information is presented separately in the Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

As the School completed the fiscal year, its governmental funds reported a combined fund balance of \$4,487,596. Revenues increased based on the same reasons described above for the governmental activities. Expenditures also increased by the same reason described above for governmental activities. However, expenditures for capital outlay decreased, primarily because of the construction in progress, most of which was constructed during the year ended June 30, 2024.

Budgetary Highlights

Budget amendments, if necessary, generally fall into three categories:

- Changes made to account for changes in student enrollment.
- Increases in appropriations to prevent certain budget overruns.
- Increases in grant revenue.

As shown in the accompanying budgetary comparison schedule – governmental funds, for the year ended June 30, 2025, actual general fund revenues were approximately \$1,460,000 over the final budgeted amounts. Actual general fund expenditures were approximately \$540,000 above the final budgeted amounts. For the year ended June 30, 2025, revenue was above the budgeted amounts as the budget did not fully include revenue obtained in the settlement agreement described in Note 10 to the financial statements. Expenditures were larger than budgeted as the School had additional expenditures for facilities acquisition, operation of plant, and other functions that were not included in the budget. The instruction function was lower than expected as the budget included some expenditures for additional payroll that were not made during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2025, the School had \$7,009,896 in capital assets, net of accumulated depreciation and amortization. During the year ended June 30, 2025, the school invested \$1,015,152 for capital assets. There were no capital asset disposals in the current year. More detailed information about the School's capital assets is presented in Note 2 to the financial statements.

Noncurrent Liabilities

As of June 30, 2025, the School had \$3,233,581 of noncurrent liabilities outstanding. During the year ended June 30, 2025, the School decreased its noncurrent liabilities by making the required principal payments. More detailed information about the School's noncurrent liabilities is presented in Note 3 to the financial statements.

ECONOMIC FACTORS

As a charter school, the School receives most of its funding from FEFP, which are primarily State funds. The State of Florida, by constitution, does not have a state personal income tax; therefore, the state operates primarily using sales, gasoline and corporate income taxes.

NEXT YEAR'S BUDGET

For the 2025-2026 school year, the original budget shows the combined governmental funds revenue to be \$14,160,275. Budgeted combined governmental funds expenditures are expected to be \$12,492,310. If the estimates for the budget are realized, the School's combined governmental fund balances are expected to increase for the year ending June 30, 2026.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 1080 La Baron Drive, Miami Springs, FL 33166.

**ACADEMY FOR INNOVATIVE EDUCATION
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

STATEMENT OF NET POSITION

JUNE 30, 2025

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 3,677,848
Investments in money market fund	63,999
Prepaid expenses	67,090
Grants and other receivables	1,115,656
Capital Assets:	
Right-to-use asset - leased modulares	\$ 203,860
Leasehold improvements	2,587,887
Furniture and equipment	2,662,722
Other leasehold improvements -new building	5,566,715
Total capital assets	11,021,184
Less accumulated depreciation and amortization	<u>(4,011,288)</u>
Total capital assets, net	<u>7,009,896</u>
Total assets	<u><u>\$11,934,489</u></u>
LIABILITIES	
Payroll liabilities and other accrued expenses	\$ 389,521
Noncurrent liability:	
Due within one year:	
Payable to The School Board of Miami-Dade County, Florida	164,142
EIDL Loan	52,817
Bank loan	303,341
Due in more than one year:	
Payable to The School Board of Miami-Dade County, Florida	142,428
EIDL Loan	1,996,827
Bank loan	<u>574,026</u>
Total liabilities	<u>3,623,102</u>
NET POSITION	
Net investment in capital assets	6,132,529
Restricted	153,624
Unrestricted	<u>2,025,234</u>
Total net position	<u>8,311,387</u>
Total liabilities and net position	<u><u>\$11,934,489</u></u>

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

**ACADEMY FOR INNOVATIVE EDUCATION
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instruction	\$ 6,303,639	\$ -	\$ 621,850	\$ -	\$ (5,681,789)	\$ (5,681,789)
Student support services	889,172	-	45,218	-	(843,954)	(843,954)
Instruction-related technology	43,769	-	-	-	(43,769)	(43,769)
Professional development	5,814	-	-	-	(5,814)	(5,814)
Board	69,936	-	-	-	(69,936)	(69,936)
General administration	293,405	-	-	-	(293,405)	(293,405)
School administration	1,914,965	-	-	-	(1,914,965)	(1,914,965)
Facilities acquisition and construction	-	-	-	658,743	658,743	658,743
Central services	87,712	-	-	-	(87,712)	(87,712)
Pupil transportation	12,590	-	-	-	(12,590)	(12,590)
Operation of plant	2,239,206	-	-	-	(2,239,206)	(2,239,206)
Community services	275,313	425,341	-	220,334	370,362	370,362
Interest expense	114,773	-	-	-	(114,773)	(114,773)
Total governmental activities	\$ 12,250,294	\$ 425,341	\$ 667,068	\$ 879,077	(10,278,808)	(10,278,808)
			General revenues:			
			State sources		9,135,032	9,135,032
			Contributions and other revenue		159,408	159,408
			Local source		4,226,302	4,226,302
			Total general revenues		13,520,742	13,520,742
			Change in net position		3,241,934	3,241,934
			Net position at beginning of year		5,069,453	5,069,453
			Net position at end of year		\$ 8,311,387	\$ 8,311,387

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

**ACADEMY FOR INNOVATIVE EDUCATION
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2025

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 3,677,848
Investments in money market fund	63,999
Prepaid expenses	67,090
Grants and other receivables	<u>1,115,656</u>
Total assets	<u><u>\$ 4,924,593</u></u>
LIABILITIES AND FUND BALANCE	
Payroll liabilities and other accrued expenses	\$ 389,521
Payable to The School Board of Miami-Dade County, Florida	<u>47,476</u>
Total liabilities	<u>436,997</u>
Fund balance:	
Nonspendable	67,090
Restricted	153,624
Unassigned	<u>4,266,882</u>
Total fund balance	<u>4,487,596</u>
Total liabilities and fund balance	<u><u>\$ 4,924,593</u></u>

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

**ACADEMY FOR INNOVATIVE EDUCATION
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION**

JUNE 30, 2025

Total fund balance – governmental fund **\$ 4,487,596**

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

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

The cost of capital assets is:	\$ 11,021,184	
Related accumulated depreciation and amortization is:	<u>(4,011,288)</u>	
Total capital assets, net		7,009,896

Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:

Payable to The School Board of Miami-Dade County, Florida	(259,094)
EIDL Loan	(2,049,644)
Bank loan	<u>(877,367)</u>

Total net position – governmental activities **\$ 8,311,387**

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

**ACADEMY FOR INNOVATIVE EDUCATION
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Nonmajor Special Revenue Funds and Capital Projects Fund -	Total Governmental Funds
REVENUES			
Federal through state - grants	\$ -	\$ 667,068	\$ 667,068
State sources	9,135,032	-	9,135,032
Capital outlay	-	658,743	658,743
Contributions and other revenue	584,749	220,334	805,083
Local source and charges for services	4,226,302	-	4,226,302
Total revenues	<u>13,946,083</u>	<u>1,546,145</u>	<u>15,492,228</u>
EXPENDITURES			
Current:			
Instruction	4,968,004	464,293	5,432,297
Student support services	843,954	45,218	889,172
Instruction-related technology	43,769	-	43,769
Professional development	5,814	-	5,814
Board	69,936	-	69,936
General administration	293,405	-	293,405
School administration	1,697,130	-	1,697,130
Fiscal services	-	-	-
Central services	87,712	-	87,712
Pupil transportation	12,590	-	12,590
Operation of plant	2,239,206	-	2,239,206
Community services	62,940	212,373	275,313
Debt service			
Interest expense	114,773	-	114,773
Retirement of principal	474,484	-	474,484
Capital outlay	356,409	658,743	1,015,152
Total expenditures	<u>11,270,126</u>	<u>1,380,627</u>	<u>12,650,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,675,957</u>	<u>165,518</u>	<u>2,841,475</u>
Other financing sources			
Proceeds from borrowings	244,904	-	244,904
Transfers in	165,518	-	165,518
Transfers out	-	(165,518)	(165,518)
Total other financing sources	<u>410,422</u>	<u>(165,518)</u>	<u>244,904</u>
Net changes in fund balances	3,086,379	-	3,086,379
Fund balance at beginning of year	<u>1,401,217</u>	<u>-</u>	<u>1,401,217</u>
Fund balance at end of year	<u>\$ 4,487,596</u>	<u>\$ -</u>	<u>\$ 4,487,596</u>

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

**ACADEMY FOR INNOVATIVE EDUCATION
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2025

Net changes in fund balances – total governmental funds **\$ 3,086,379**

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

Governmental funds report capital outlays as expenditures. In the statement of activities the cost of capital acquisitions are allocated over their estimated useful lives and reported as depreciation and amortization expense.

The amount depreciation and amortization is more than capital outlays, which is calculated as follows:

Capital outlays	\$	1,015,152	
Depreciation and amortization		<u>(1,089,177)</u>	(74,025)

Repayments of noncurrent liabilities are reported as expenditures in the governmental funds because they require the use of current financial resources. They are reported as a reduction in noncurrent liabilities in the statement of net position. This amount represents the current year repayment of principal on noncurrent liabilities. 474,484

The issuance of noncurrent debt provides current financial resources to governmental funds. This amount represents the current year additions to noncurrent debt. (244,904)

Change in net position of governmental activities **\$ 3,241,934**

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

**ACADEMY FOR INNOVATIVE EDUCATION
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE – 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Academy for Innovative Education (the "School") is operated by Miami-Dade Foundation for Educational Innovation, Inc. (MDFEI), a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of no less than three and no more than nine members. The accompanying financial statements present the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2025, and the respective changes in financial position for the year then ended.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School Board of Miami-Dade County, Florida (the "School Board"). The current charter is effective until June 30, 2030, and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is sponsored by the School Board and is considered to be a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School follows generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

Basis of presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. These statements report all activities of the School and its component units, and do not include fiduciary funds. Any internal interfund activity has been eliminated from these financial statements. The statement of net position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. 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 capital grants specific to capital outlay, other grants, and charges to recipients for goods and services associated with programs. Other revenue sources not properly included with program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

Governmental Funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Capital Projects Fund – to account for the financial resources accumulated that are restricted for capital outlays.
- Special Revenue Funds – to account for the proceeds of specific revenue sources restricted by law or administrative action to expenditure for specific purposes. The accompanying statement of revenues, expenditures, and changes in fund balances presents a column for the special revenue funds. The special revenue funds include the Title I program, the American Rescue Plan – Elementary and Secondary Relief Fund, various other federal programs, and revenues and expenditures for student activities.
- Debt Service Fund – to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. For the year ended June 30, 2025, the School did not use a debt service fund.

For purposes of these statements, the general fund is a major fund, and the remaining special revenue funds and capital projects fund are considered nonmajor funds.

Basis of accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Use of estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and balance sheet - governmental funds, and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

Deposits and investments

The School maintains its cash accounts in financial institutions subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, MDFEI is entitled to aggregate coverage of \$250,000. As of June 30, 2025, MDFEI had deposits with custodial credit risk exposure in excess of FDIC coverage totaling approximately \$3,259,000. None of the School's bank deposits are collateralized. The School has investments in money market funds, which are not considered to be exposed to credit risk. The S&P rating of the money funds is A-1.

The School has not formally adopted a deposit and investment policy limiting its allowable deposits or investments and that addresses risk exposure; however, Management of the School believes the stability and financial strength of the financial institutions used significantly reduces the custodial credit risk.

Interest Rate Risk

The School manages its exposure to declines in fair values by substantially limiting the weighted average maturity on all investments to one year or less and holding investments until maturity. The weighted average maturity for the money market fund is 39 days.

Measurement

The School's money market funds meet the necessary criteria and are reported at amortized cost, since they have maturities of one year or less. Accordingly, such investments are not measured at fair value. However, due to the investments' short-term maturity, amortized cost generally approximates fair value.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

Capital assets, depreciation and amortization

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Capital assets reflected on the statement of net position are reported at cost, or at the acquisition value of the assets if received via a gift, and net of accumulated depreciation and amortization. For purposes of recording capital assets, the School has a capitalization threshold of \$1,000. Certain bulk capital asset purchases with individual assets that are less than \$1,000 may also be capitalized depending on materiality.

The School considers that capital assets are used primarily by the instructional and school administration function and has derived an allocation percentage of 80% and 20%, respectively, for such functions. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Leasehold improvements	4 – 11
Furniture, fixtures and equipment	4 – 10

The estimated useful life of leasehold improvements is the lesser of the asset's respective useful life or the remaining term of the lease.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

Income taxes

Miami-Dade Foundation for Educational Innovation, Inc. ("MDFEI") is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. MDFEI has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. MDFEI assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that MDFEI believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service ("IRS") or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the School's financial statements, as MDFEI believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same "more likely than not" measurement threshold.

Revenue sources

Revenues for current operations are received primarily from the School Board of Miami-Dade County, Florida pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education ("FDOE") by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the Florida Education Finance Program ("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. The School Board receives an administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. This administrative fee is calculated on the FEFP revenue up to 250 students. The administrative fee charged by the School Board during the year ended June 30, 2025, was approximately \$45,000.

Revenues received from the School Board of Miami-Dade County, Florida are recognized when considered earned, which is generally in the month the moneys are received.

The School may receive federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For 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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

Net Position and Fund Balance Classifications

Government-wide financial statements

Net position is classified and displayed in three components:

1. Net investment in capital assets – consists of capital assets net of accumulated depreciation and amortization and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
2. 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. At June 30, 2025, The School had net position of \$94,259 restricted for improvement of high-quality teachers and instructional personnel, and to increase school safety and security personnel. In addition, the School had \$59,365 restricted for student activities. The restricted net position is expected to be expended during the year ending June 30, 2026.
3. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

Generally accepted accounting principles define the different types of fund balances that a governmental entity must use for financial reporting purposes. Fund balance amounts are to be properly reported within one of the fund balance categories listed below:

1. Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans, and notes receivable, and property held for sale (unless the proceeds are restricted committed or assigned). All nonspendable fund balances at year end relate to assets not in spendable form.
2. Restricted – fund balance associated with amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2025, the School's restricted fund balance had the same restrictions as those of restricted net position.
3. 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 or other contractual obligations. At June 30, 2025, the School did not have a committed fund balance.
4. Assigned – fund balance classification includes amounts 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. At June 30, 2025, the School did not have assigned fund balances.
5. Unassigned – fund balance classification is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

Fund balance spending policy

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, and then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. There are no minimum fund balance requirements for any of the School's funds.

Deferred outflows/inflows of resources

In addition to assets, the statement of net 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 expense or expenditure until then. The School has no items that meet this criterion. In addition to liabilities, the statement of net 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 revenue until then. The School has no items that meet this criterion.

Interfund Activity

From time to time, the School may have interfund activity. This activity is eliminated in the government wide financial statements.

Recent accounting pronouncements

In June 2017, the GASB issued Statement of the Governmental Accounting Standards Board (GASBS) No. 87 - Leases. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The School has adopted this statement.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

NOTE – 2 CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Right-to-use asset - leased modulares	\$ 203,860	\$ -	\$ -	\$ 203,860
Leasehold improvements	2,333,689	254,198	-	2,587,887
Furniture and equipment	2,467,137	195,585	-	2,662,722
Other leasehold improvements -new building	<u>5,001,346</u>	<u>565,369</u>	<u>-</u>	<u>5,566,715</u>
Total capital assets	<u>10,006,032</u>	<u>1,015,152</u>	<u>-</u>	<u>11,021,184</u>
Less accumulated amortization for				
Right-to use asset - leased modulares	(203,860)	-	-	(203,860)
Less accumulated depreciation				
and amortization for other capital assets				
Leasehold improvements	(1,078,022)	(128,772)	-	(1,206,794)
Furniture and equipment	(1,640,229)	(428,851)	-	(2,069,080)
Other leasehold improvements -new building	<u>-</u>	<u>(531,554)</u>	<u>-</u>	<u>(531,554)</u>
Total accumulated depreciation	<u>(2,922,111)</u>	<u>(1,089,177)</u>	<u>-</u>	<u>(4,011,288)</u>
Governmental activities				
capital assets, net	<u>\$ 7,083,921</u>	<u>\$ (74,025)</u>	<u>\$ -</u>	<u>\$ 7,009,896</u>

During the year, the School completed the construction of a new building that was placed in service.

Depreciation and amortization expense were charged to functions as follows:

Governmental activities:	
Instruction	\$ 871,342
School administration	217,835
Total depreciation and amortization	<u>\$ 1,089,177</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

NOTE – 3 NONCURRENT LIABILITIES

Activity pertaining to noncurrent liabilities for the year ended June 30, 2025, consisted of the following:

Due to Miami-Dade County School Board

In June 2021, the School Board agreed to allow for MDFEI to postpone the payment of the School Board's management fee for the year ended June 30, 2021. The amount due is to be paid in five annual installments of \$69,190, beginning in June 2022 through June 2026. The School Board may deduct amounts due from the July FEFP payments if they do not receive the required installment by the due date. In April 2025, the School Board agreed for MDFEI to postpone the payment of the year ended June 30, 2024, management fee. The amount due is to be paid in five equal installments of \$47,476, beginning in June 2025. The first installment was paid in July 2025.

EIDL Loan

In November 2021, MDFEI obtained an Economic Injury Disaster Loan (EIDL) from the United States Small Business Administration (SBA) for \$2,000,000. The proceeds are to be used for working capital purposes pursuant to the EIDL loan agreement. Interest on the EIDL Loan accrues at the rate of 2.75% per annum, and installment payments, including principal and interest, are due monthly beginning thirty months from the date of the EIDL Loan. The balance of principal and interest is payable thirty years from the date of the promissory note. In connection with the EIDL loan, MDFEI provided a blanket security on substantially all of its assets. During the year ended June 30, 2025, the School accrued \$55,000 of interest on the EIDL loan, which was added to the loan balance due at end of year.

Bank Loan

In March 2023, the School obtained a bank loan for \$1,500,000. Interest on the loan is charged at an annual rate of 5.51%. The loan is collateralized by substantially all of the assets owned by MDFEI. Monthly payments for principal and interest of \$28,719 are due beginning in April 2023 and ending in March 2028, when the loan matures. The loan has certain financial covenants including a "Fixed Charge Coverage Ratio," as defined in the loan agreement. For the year ended June 30, 2025, the School complied with the financial covenants. The loan is scheduled to be paid in full at maturity.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

The following summarizes the activity for the noncurrent liabilities, including the lease liability, during the year ended June 30, 2025:

	Due to Miami-Dade County School Board	EIDL Loan	Bank Loan	Total
Balance outstanding at beginning of year	\$ 138,380	\$ 2,113,793	\$ 1,163,512	\$ 3,415,685
Additions	237,380	55,000	-	292,380
Reductions	(69,190)	(119,149)	(286,145)	(474,484)
Balance outstanding at end of year	<u>\$ 306,570</u>	<u>\$ 2,049,644</u>	<u>\$ 877,367</u>	<u>\$ 3,233,581</u>
Amount due within one year	<u>\$ 164,142</u>	<u>\$ 52,817</u>	<u>\$ 303,341</u>	<u>\$ 520,300</u>

The following table summarizes the School's future debt service as of June 30, 2025:

Year ending June 30,	Principal	Interest
2026	\$ 520,300	\$ 96,993
2027	422,492	78,135
2028	356,575	58,657
2029	104,831	51,166
2030	58,951	49,569
2031-2035	320,320	222,283
2036-2040	367,478	175,125
2041-2045	421,578	121,024
2046-2050	483,643	58,959
2051	177,413	3,999
	<u>\$ 3,233,581</u>	<u>\$ 915,910</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

NOTE – 4 STATE AND PROGRAM REVENUES

The following is a schedule of state revenue sources for the year ended June 30, 2025:

Florida Education Finance Program	\$ 7,825,349
Class Size Reduction	1,040,003
SAFE Schools	121,285
Florida School Recognition Fund	131,997
Miscellaneous State Revenues	<u>16,398</u>
Total	<u><u>\$ 9,135,032</u></u>

The following is a schedule of program revenues which offset expenses reported on the statement of activities for the year ended June 30, 2025:

Program Revenues - Federal:	
Title I	\$ 458,572
Title III	5,294
Title IV	45,645
Other	<u>157,557</u>
Total	667,068
Program Revenues - State Capital Outlay	<u>658,743</u>
Total Program Revenues	<u><u>\$ 1,325,811</u></u>

These program revenues offset the given functions as they are directly connected with those respective functions. In addition, the School obtained approximately \$425,000 for, child care and other fees, which also offset their respective functions.

NOTE – 5 RISK MANAGEMENT PROGRAM

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property insurance coverage are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settlement amounts have historically not exceeded insurance coverage. In addition, for the year ended June 30, 2025, there were no reductions in insurance coverage from those of the prior year.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

NOTE – 6 COMMITMENTS AND CONTINGENT LIABILITIES

The School receives a majority of its funding from the School Board 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 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 from time to time may participate in 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 federal or state grantor agencies, would not be material to the financial position of the School.

Legal matters

In the normal course of conducting its operations, the School may become party to legal actions and proceedings. In the opinion of Management, the ultimate resolution of such legal matters, if any, will not have a significant adverse effect on the accompanying financial statements.

Lease commitments

MDFEI leases the School's facilities, inclusive of all classrooms, parking and ancillary spaces, located in Miami Springs, Florida from the School Board. The lease has been amended to extend the term through June 30, 2034. MDFEI's obligation under the lease is the proportionate share of the facility's operating expenses, which includes routine building and grounds maintenance, custodial and janitorial services, trash pick-up, utilities and certain property insurance. Pursuant to the lease agreement, the amount of the operating expense is adjusted to the preceding year's reported actual cost per square foot for these services. For the year ended June 30, 2025, MDFEI's lease payment obligation was based on the base operating expenses for a recent period as calculated from time to time by the School Board.

The School's total expense related to MDFEI's lease with the School Board during the year ended June 30, 2025, was approximately \$258,000, and is included in the accompanying financial statements under the caption operation of plant.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

The following is a schedule of estimated future lease payments for MDFEI as of June 30, 2025, based on the current estimated costs of operating expenses:

Year ending June 30,	
2026	\$ 257,532
2027	257,532
2028	257,532
2029	257,532
2030	257,532
2031-2034	<u>1,030,128</u>
Total	<u>\$ 2,317,788</u>

The above amounts reflected for the lease with the School Board are based on current calculated operating cost amounts based on square footage currently being occupied by MDFEI. Because the above-mentioned lease payments are considered to be variable, since they are determined using prior base operating expenses for a calculated period, a right-to-use asset and corresponding lease liability is not required to be recorded pursuant to GASBS 87.

The School has leases for modular classroom equipment, the terms of which have all ended and are currently being leased on a month-to-month basis. For the year ended June 30, 2025, the total payments for the modular classroom equipment leases and all other short-term leases, which are not included in the measurement of the lease liability was approximately \$271,000 and is included in the accompanying financial statements under the caption operation of plant.

NOTE – 7 MANAGEMENT AGREEMENT

The School has a management agreement (“Agreement”) with the School Board to provide management and administration services to the School. The management fee under the Agreement is derived based on the number of students attending during the school year. For the year ended June 30, 2025, management fees totaled approximately \$248,000 and are included in the accompanying financial statements under the caption of general administration expense/expenditure. Approximately \$11,000 of this amount was due at end of year and is included in payroll liabilities and other accrued expenses.

NOTE – 8 DEFINED CONTRIBUTION PLAN

The School's employees are eligible to participate in a 401(k) Profit Sharing Plan ("the Plan"), which was made available by the School's payroll provider. The Plan is considered a Defined Contribution Plan and is available to employees that meet certain eligibility criteria. The name of the Plan is Miami-Dade Foundation 401(k) Profit Sharing Plan & Trust. For the year ended June 30, 2025, the School did not contribute to the Plan.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 (Continued)

NOTE – 9 PAYROLL LIABILITIES AND OTHER ACCRUED EXPENSES

As of June 30, 2025, payroll liabilities and other accrued expenses consist of the following:

Payroll liabilities	\$ 351,334
Others	38,187
	<u>\$ 389,521</u>

NOTE – 10 SETTLEMENT

The School entered into a settlement agreement with the School Board of Miami-Dade County on July 1, 2024, related to the 2018 Miami-Dade County millage-levy referendum. The settlement includes an initial payment to the School, which was received in July 2024 for \$971,412, and a second payment received in July 2025 of \$1,019,983. The settlement revenue of \$1,991,395 is included under the caption local source revenue in the accompanying financial statements.

NOTE – 11 INTERFUND TRANSFERS

During the year ended June 30, 2025, the School transferred funds from the special revenue funds to the general fund. This is done in order to close out the special revenue funds at end of year.

**ACADEMY FOR INNOVATIVE EDUCATION
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Original	Budgeted Final	Total Governmental Funds Budgetary Basis Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Federal through state - grants	\$ 638,924	\$ 675,398	# \$ 667,068	# \$ (8,330)
State sources	8,434,083	9,129,684	# 9,135,032	# 5,348
Capital outlay	288,000	658,855	658,743	(112)
Contributions and other revenue	3,032,942	3,566,438	# 5,031,385	# 1,464,947
Total revenues	12,393,949	14,030,375	15,492,228	1,461,853
EXPENDITURES				
Current:				
Instruction	5,644,793	6,536,476	5,584,452	952,024
Student support services	717,388	801,185	889,172	(87,987)
Instruction-related technology	64,500	14,500	43,769	(29,269)
Professional development	32,000	32,000	5,814	26,186
Board	106,500	121,500	69,936	51,564
General administration	340,350	404,776	293,405	111,371
School administration	1,505,721	1,617,060	1,718,436	(101,376)
Facilities acquisition and construction	125,000	125,000	642,020	(517,020)
Fiscal services	15,500	15,500	-	15,500
Central services	60,000	60,000	87,712	(27,712)
Pupil transportation	15,000	15,000	12,590	2,410
Operation of plant	1,801,342	1,764,596	2,261,329	(496,733)
Maintenance of plant	-	-	177,548	(177,548)
Community services	178,402	141,525	275,313	(133,788)
Debt service	447,601	461,601	589,257	(127,656)
Total expenditures	11,054,097	12,110,719	12,650,753	(540,034)
Excess of revenues over expenditures	1,339,852	1,919,656	2,841,475	921,819
Other financing sources				
Proceeds from borrowings			244,904	244,904
Transfers in			165,518	165,518
Transfers out			(165,518)	(165,518)
Total other financing sources	-	-	244,904	244,904
Net changes in fund balance	\$ 1,339,852	\$ 1,919,656	\$ 3,086,379	\$ 1,166,723

See report of independent auditors and notes to budgetary comparison schedule.

**ACADEMY FOR INNOVATIVE EDUCATION
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GOVERNMENTAL FUNDS (Continued)**

FOR THE YEAR ENDED JUNE 30, 2025

NOTES TO BUDGETARY COMPARISON SCHEDULE

The School's budget presented in the accompanying budgetary comparison schedule is annually adopted and prepared using the budgetary basis of accounting. Amendments to the School's budgets can only be made with the approval of the board of directors. The School's legally adopted budget includes all of the governmental funds combined, resulting in the budget having a different budgetary perspective than for a budget prepared specifically for the general fund. Accordingly, and in accordance with GASB Statement No. 41, paragraph 3, the budgetary comparison schedule presented is based on the combined budget that was legally adopted, which includes all funds.

Differences Between GAAP and Budgetary Basis of Accounting

The accompanying budgetary comparison schedule – governmental funds is prepared on a budgetary basis of accounting instead of generally accepted accounting principles (GAAP), as presentation using GAAP operating data would result in less meaningful comparisons. The major differences between GAAP and budgetary basis of accounting are that under budgetary basis, capital outlay is not considered a separate function and is included within the current expenditure functions.

The following is a reconciliation of the above presented actual budgetary information to GAAP as shown in the accompanying statement of revenues, expenditures and changes in fund balances:

	Budgetary Basis	GAAP Basis	Difference
Instruction	\$ 5,584,452	\$ 5,432,297	\$ 152,155
School administration	1,718,436	1,697,130	21,306
Facilities acquisition and construction	642,020	-	642,020
Operation of plant	2,261,329	2,239,206	22,123
Maintenance of plant	177,548	-	177,548
Capital outlay	-	1,015,152	(1,015,152)
	<u>\$ 10,383,785</u>	<u>\$ 10,383,785</u>	<u>\$ -</u>

Special Revenue Funds

For the year ended June 30, 2025, none of the special revenue funds met the GASB criteria to be classified as major funds or were considered major funds. Accordingly, a separate budgetary comparison schedule for special revenue funds is not required.

Sotolongo & Associates, P.A.

Certified Public Accountants

Report of Independent Auditors 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
Academy for Innovative Education
Miami Springs, 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, each major fund, and the aggregate remaining fund information of Academy for Innovative Education (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2025, 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 10, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Sotolongo & Associates, P.A.

Miami, Florida
September 10, 2025

ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE FLORIDA AUDITOR GENERAL,
CHAPTER 10.850, *AUDITS OF CHARTER SCHOOLS AND CHARTER
TECHNICAL CAREER CENTERS, THE FLORIDA VIRTUAL SCHOOL, AND
VIRTUAL INSTRUCTION PROGRAM PROVIDERS*

Sotolongo & Associates, P.A.

Certified Public Accountants

To the Board of Directors of
Academy for Innovative Education
Miami Springs, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Academy for Innovative Education, a charter school sponsored by the School Board of Miami-Dade County, Florida and operated by Miami-Dade Foundation for Educational Innovation, Inc., as of and for the year ended June 30, 2025, and have issued our report thereon dated September 10, 2025.

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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated, September 10, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the School is Academy for Innovative Education. The name of the not-for-profit entity that operates the School is Miami-Dade Foundation for Educational Innovation, Inc. The school code assigned to the school is 6093.

Financial Condition and Management

Section 10.854(1)(e)2. and 10.855(11) Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not the Academy for Innovative Education 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 the Academy for Innovative Education did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the Academy for Innovative Education. It is management's responsibility to monitor the Academy for Innovative Education'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. We performed the financial condition assessment procedures for the year ended June 30, 2025, which included calculation and analysis of certain financial indicators we considered relevant to the School. No deteriorating financial condition was noted as a result of this assessment.

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or 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 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, applicable management, and the School Board of Miami-Dade County and is not intended to be and should not be used by anyone other than these specified parties.

Sotolongo & Associates, P.A.

Miami, Florida
September 10, 2025