

**THE LEARNING EXPERIENCE
SCHOOL, INC. D/B/A MIAMI LEARNING
EXPERIENCE SCHOOL**

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION, AND
INDEPENDENT AUDITOR'S REPORT

JULY 31, 2024
(WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED JULY 31, 2023)

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Cash Flows.	6
Statement of Functional Expenses	7
Notes to Financial Statements	8-17
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of State Financial Assistance	18
Notes to the Schedule of Expenditures of State Financial Assistance	19
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	20-21
Independent Auditor’s Report on Compliance and on Internal Control over Compliance Required by Chapter 10.650, Rules of the Auditor General	22-24
Schedule of Findings and Questioned Costs – State Financial Assistance Projects	25-26



Verdeja • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

Manny Alvarez, C.F.F., C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Cristy C. Rubio, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Octavio "Tab" Verdeja, C.F.F., C.P.A.

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Learning Experience School, Inc. d/b/a
Miami Learning Experience School
Miami, Florida

Opinion

We have audited the financial statements of The Learning Experience School, Inc. d/b/a Miami Learning Experience School (the "School") (a nonprofit organization), which comprise the statement of financial position as of July 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of July 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 within one year after the date that the financial statements are issued or available to be issued.

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 opinion. 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by *Chapter 10.650, Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the School's 2023 financial statements, and our report dated November 30, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 9, 2024

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
STATEMENT OF FINANCIAL POSITION
JULY 31, 2024**

	<u>2024</u>	<u>Comparative Totals 2023</u>
ASSETS		
Cash and cash equivalents	\$ 2,957,972	\$ 2,928,328
Accounts receivable	158,805	40,543
Investments, partially restricted (Note 5)	5,307,362	3,316,753
Scholarship fund, board designated and restricted (Note 5,8)	1,305,672	1,226,283
Right of use asset	38,526	47,378
Property and equipment - net (Note 4)	<u>5,287,657</u>	<u>3,978,358</u>
TOTAL ASSETS	<u><u>\$ 15,055,994</u></u>	<u><u>\$ 11,537,643</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 18,040	\$ 23,859
Deferred tuition and fees	450,142	401,758
Lease liability	38,526	47,378
Loan payable, net of unamortized loan costs (Note 6)	-	42,072
TOTAL LIABILITIES	<u>506,708</u>	<u>515,067</u>
NET ASSETS		
Without donor restriction, undesignated	12,213,240	8,877,409
Without donor restriction, board designated	209,282	196,051
With donor restriction (Note 5)	<u>2,126,764</u>	<u>1,949,116</u>
TOTAL NET ASSETS	<u>14,549,286</u>	<u>11,022,576</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 15,055,994</u></u>	<u><u>\$ 11,537,643</u></u>

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

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JULY 31, 2024**

	2024		2023	
	Without Donor Restriction	With Donor Restriction	Total	Comparative Totals
REVENUE AND SUPPORT				
Tuition and student fees, net of financial aid of \$174,333	\$ 2,735,088	\$ -	\$ 2,735,088	\$ 2,536,460
Contributions	731,959	106,872	838,831	1,154,593
Special events, net of expenses of \$83,207	393,501	-	393,501	394,254
Grants	1,821,068	-	1,821,068	211,806
Other revenue	33,384	-	33,384	23,839
Net assets released from restrictions	45,382	(45,382)	-	-
TOTAL REVENUE AND SUPPORT	5,760,382	61,490	5,821,872	4,320,952
OPERATING EXPENSES				
Program services				
Education	2,843,253	-	2,843,253	2,588,008
Supporting services				
General and administrative	396,701	-	396,701	398,274
Development	14,974	-	14,974	15,295
TOTAL OPERATING EXPENSES	3,254,928	-	3,254,928	3,001,577
CHANGES IN NET ASSETS BEFORE INVESTMENT INCOME, GAINS, AND ERTC				
	2,505,454	61,490	2,566,944	1,319,375
Unrealized and realized gain	324,789	72,542	397,331	160,883
Realized gain on sale of property	260,056	-	260,056	-
Interest and dividend income	258,763	43,616	302,379	180,771
Employee retention tax credit (ERTC)	-	-	-	632,383
CHANGES IN NET ASSETS	3,349,062	177,648	3,526,710	2,293,412
NET ASSETS, at beginning of year	9,073,460	1,949,116	11,022,576	8,729,164
NET ASSETS, at end of year	\$ 12,422,522	\$ 2,126,764	\$ 14,549,286	\$ 11,022,576

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

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2024**

	2024	Comparative Totals 2023
OPERATING ACTIVITIES		
Change in net assets	\$ 3,526,710	\$ 2,293,412
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	144,000	145,740
Reduction in right of use asset	15,364	2,868
Change in operating lease obligation	(15,364)	(2,868)
Gain on sale of property	(260,056)	-
Unrealized and realized (gain) loss on investments	(397,331)	(160,883)
Decrease (Increase) in operating assets		
Accounts receivable	(118,262)	(40,059)
(Decrease) Increase in operating liabilities		
Accounts payable and other accrued expenses	(5,819)	1,546
Deferred tuition and fees	48,384	23,239
NET CASH (USED IN) OPERATING ACTIVITIES	(589,084)	(30,417)
INCREASE IN WORKING CAPITAL	2,937,626	2,262,995
INVESTING ACTIVITIES		
Investment purchases and income reinvested	(1,732,667)	(861,183)
Distribution from endowment	60,000	60,000
Purchases of property and equipment	(1,973,499)	(64,476)
Disposals of property and equipment	780,256	-
NET CASH USED IN INVESTING ACTIVITIES	(2,865,910)	(865,659)
FINANCING ACTIVITIES		
Repayments of long term debt, including issuance cost expense	(42,072)	(166,081)
NET CASH USED IN FINANCING ACTIVITIES	(42,072)	(166,081)
NET INCREASE IN CASH	29,644	1,231,255
Cash at beginning of year	2,928,328	1,697,073
Cash at end of year	\$ 2,957,972	\$ 2,928,328
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 399	\$ 6,020

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

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2024**

	2024				2023
	Program Services	General and Administrative	Fundraising	Total	Comparative Totals
Personnel expenses	\$ 2,115,948	\$ 261,522	\$ -	\$ 2,377,470	\$ 2,027,083
Occupancy expenses	113,176	33,806	-	146,982	189,567
Supplies and other materials and equipment	82,932	17,277	-	100,209	118,502
Professional fees	9,190	36,760	14,974	60,924	96,200
Insurance expense	91,955	10,217	-	102,172	71,743
Grant expense	-	-	-	-	114,610
Financial expenses, including interest	5,904	7,216	-	13,120	14,134
Depreciation	129,600	14,400	-	144,000	144,000
Other expenses	294,548	15,503	-	310,051	225,738
TOTAL	\$ 2,843,253	\$ 396,701	\$ 14,974	\$ 3,254,928	\$ 3,001,577

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

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2024**

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Learning Experience School, Inc. d/b/a Miami Learning Experience School (the “School”) is a not-for-profit corporation organized in the State of Florida in 1977. The purpose of the School is to provide the best possible education for mild to moderate, at risk or developmentally delayed young people from birth to age 21 and beyond. The curriculum is designed to give students the knowledge and living skills necessary for them to work and live as independently as possible in the community. The School is supported primarily through tuition, donor contributions and grants.

Basis of Accounting and Presentation

The accompanying financial statements of the School have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America (“GAAP”) promulgated by the Financial Accounting Standards Board Accounting Standards Codification. Consequently, the School’s resources are classified for accounting and reporting purposes into two classes of net assets, according to externally imposed restrictions:

- *Net assets without donor restriction:* The portion of the net assets of the School that is subject only to the broad limits resulting from the nature of the organization, the environment where it operates, the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the School in the course of its business. The School has the greatest ability to choose when using these resources.

Net assets without donor restriction generally result from tuition revenues, camp fees, and contributions that are not subject to donor-imposed restrictions, and income from investing excess operating cash, reduced by expenses incurred in providing services, raising contributions, and performing administrative functions.

- *Net assets with donor restriction:* The portion of the net assets of the School that is subject to either donor imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the School’s choices when using these resources because the School has a fiduciary responsibility to its donors to follow the donor’s instructions. Net assets with donor restriction generally result from donor-restricted contributions and from the investment return generated by the School’s donor-restricted endowment. Net assets with donor restriction as of July 31, 2024 totaled \$2,126,764.

The net asset classification of donor-restricted endowment funds is subject to the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). As a result, the investment return from donor restricted endowment funds is classified as net assets with donor restriction until appropriated for expenditure. Note 8 provides additional information about the School’s endowment.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the School considers certificates of deposit with maturity dates of less than a year to be cash equivalents. Cash and cash equivalents include money market funds.

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2024**

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Allowance for Credit Losses

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. The School does not believe they need an allowance for credit losses at July 31, 2024.

Investments

The School accounts for its investments under FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under this interpretation, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities and changes in net assets.

Fair Value Measurement

Assets and liabilities that are measured at fair value use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs by requiring that the observable inputs be used when available. Fair value estimates involve uncertainties and matters of significant judgment.

The School's financial instruments include cash and cash equivalents, restricted cash, investments, accounts and receivable, accrued and accounts payable, and loans payable. The carrying value of cash and cash equivalents accounts and accounts receivable and accrued and accounts payable is a reasonable estimate of their value due to the short-term nature of these instruments. The carrying value of the loans payable is a reasonable estimate of their value based on rates and terms currently available to the School for similar debt. The remaining financial instruments are valued at fair market value as of July 31, 2024.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The School reclassifies net assets with donor restrictions to net assets without donor restrictions at the time of service. Property and equipment are depreciated using the straight-line method over the following estimated useful lives.

	Years
Buildings	39
Automotive equipment	5
Furniture, fixtures and school equipment	5 - 7

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2024**

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Impairment of Long-Lived Assets

The School's management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of July 31, 2024, and in the opinion of management, there was no impairment.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

School Tuition and Programs, net

The School recognizes revenue from student tuition and fees during the year or period in which the related services are provided to students. The performance obligation of delivering educational or other program services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Financial aid, tuition remission and scholarships provided to the students are recorded as a deduction from the posted tuition at the time the revenue is recognized. Students may pay tuition monthly, semi-annually or for the school year in full in advance. Students may receive refunds proportionally based on the time that students apply and get approved for the withdrawal from the school year. The unearned portion of tuition and fee revenues are recorded as deferred revenue on the statement of financial position. Deferred tuition and fee revenues totaled \$450,142 at July 31, 2024.

State Grant and other Support

The School obtained a grant from the Agency for Persons with Disabilities. At July 31, 2024, the total amount of expenditures under this grant were \$1,682,838. In addition, the School may receive from time to time local grants and foundation grants. Grant revenue is recognized when earned in accordance with the terms of the grant.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated among the program and supporting services benefited. The expenses that are allocated are personnel expenses, which are allocated on the basis of estimates of time and effort; occupancy, depreciation, insurance, and financial expenses, which are allocated based on usage of space percentage.

Income Taxes

The School is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the School qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

There are no reserves held for uncertain tax positions at July 31, 2024. The School is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2021.

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2024**

**NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Accounting Pronouncements (Continued)

During 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. The School adopted the standard for the year ending July 31, 2024. The adoption of the standard did not have an impact on the School's financial statements.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended July 31, 2023, from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported change in net assets.

Subsequent Events

The School has evaluated subsequent events through December 9, 2024, which is the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The School's cash and cash equivalents are maintained at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At July 31, 2024, and at certain times during the year, cash and cash equivalents exceeded federally insured limits.

NOTE 3 – FAIR VALUE MEASUREMENTS

The School has adopted ASC 820, *Fair Value Measurements and Disclosures*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The School uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the School measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2024**

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

ASC 820 establishes a three-level valuation hierarchy for measurement and disclosure of fair value. The valuation hierarchy is based upon the transparency of inputs used to measure fair value. The three levels are as follows:

Level 1 - Asset value is based on actual quoted prices in active markets for identical securities (mark-to-market).

Level 2 - Other significant observable inputs are used to arrive at fair value (including yield, quality, coupon rate, maturity, issue type, quoted prices for similar securities, prepayment speeds, trading characteristics, etc.).

Level 3 - Significant unobservable inputs (including management's own assumptions in determining the fair value of investments).

As of July 31, 2024, the School's investments are reported at fair value.

Money market funds are comprised of short-term or long-term investments and are valued at quoted prices of active markets and are classified as Level 1 within the fair value hierarchy.

Equity Investments consist of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

As of July 31, 2024, investments were reported as follows:

		Fair Value Measurements Using:	Fair Value Measurements Using:	Fair Value Measurements Using:
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ASSET CLASS:	Fair Value			
Money market funds	\$ 3,957,424	\$ 3,957,424	\$ -	\$ -
Equity investments	4,878,524	4,878,524	-	-
Total	<u>\$ 8,835,948</u>	<u>\$ 8,835,948</u>	<u>\$ -</u>	<u>\$ -</u>

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2024**

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	<u>July 31, 2024</u>
Land- Main campus	\$ 465,655
Land- Secondary campus	131,818
Construction in progress	1,973,499
Building- Main campus	3,838,555
Building- Secondary campus	653,172
Building- Future campus	105,220
Automotive equipment	248,646
Furniture, fixtures and school equipment	398,348
Less- accumulated depreciation	<u>(2,527,256)</u>
Total	<u>\$ 5,287,657</u>

The costs of constructed assets are placed in the construction in progress ("CIP") account until the assets are completed and placed into service. The School has approximately \$1,973,000 in CIP as of July 31, 2024.

Depreciation expense for the year ended July 31, 2024 was \$144,000.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTION

The School obtains donations or grants whose funds are restricted for investment in perpetuity, or for the use of tuition scholarships or specific projects. Restrictions are considered to expire when payments are made towards the intended purpose in accordance with donor imposed restrictions.

Restricted net assets are available for the following purposes:

Scholarship endowment fund	\$ 1,096,390
Capital Campaign: Facility improvements- Shannon Center	995,580
Scholarships and other	34,794
Total	<u>\$ 2,126,764</u>

Restricted net assets are held as follows:

Investments	\$ 1,030,374
Scholarship fund endowment (Note 8)	1,096,390
Total	<u>\$ 2,126,764</u>

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2024**

NOTE 6 – LONG-TERM DEBT

Loan Payable

The School entered into an agreement with a financial institution during April 2017 to refinance a previously existing loan payable. At July 31, 2024, the loan payable was completely paid-off.

NOTE 7 – PENSION PLAN

The School has a pension plan covering substantially all full-time faculty. Under the terms of the pension agreement annual contributions are discretionary for the School and vesting for participants is: 0% for 0-5 years of service and 100% for 5 or more years. Pension plan expense for the year ended July 31, 2024 was \$46,871.

NOTE 8 – ENDOWMENT

The School's endowment fund was established for the purpose of providing financial aid grants to families of students needing such assistance in order to enroll their students in the School. Its endowment includes board designated and donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of Florida enacted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The School is in the process of interpreting FUPMIFA and has implemented certain factors of FUPMIFA, such as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, effective July 1, 2012, the School classifies as restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accumulations to the permanent endowment are classified as donor-restricted net assets until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by FUPMIFA. The School's board designated endowment funds are not subject to donor restrictions and are therefore not subject to FUPMIFA.

In accordance with the FUPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the School and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the School
- (7) The investment policies of the School, which are in process

Endowment net assets composition by type of fund as of July 31, 2024 were as follows:

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2024**

NOTE 8 – ENDOWMENT (Continued)

	Without donor restriction		
	Board Designated	With donor restriction	Total
Board designated endowment fund	\$ 209,282	\$ -	\$ 209,282
Donor-restricted endowment fund	-	1,096,390	1,096,390
Total endowment funds	<u>\$ 209,282</u>	<u>\$ 1,096,390</u>	<u>\$ 1,305,672</u>

Changes in endowment net assets for the year ended July 31, 2024 were as follows:

	Without donor restriction		
	Board Designated	With donor restriction	Total
Endowment net assets, beginning of year	\$ 196,051	\$ 1,030,232	\$ 1,226,283
Investment return:			
Unrealized and realized gains	14,508	72,542	87,050
Interest and dividend income	8,723	43,616	52,339
Total investment return	<u>23,231</u>	<u>116,158</u>	<u>139,389</u>
Distributions	<u>(10,000)</u>	<u>(50,000)</u>	<u>(60,000)</u>
Endowment net assets, end of year	<u>\$ 209,282</u>	<u>\$ 1,096,390</u>	<u>\$ 1,305,672</u>

Return Objectives and Risk Parameters

The School has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the School must hold in perpetuity, along with board designated endowment assets, and accumulated endowment earnings.

Strategies Employed for Achieving Objectives

The goal of the School’s investment program is to achieve a total rate of return that will allow it to respond to the School’s needs and long- term growth necessary to respond to future needs. The investment objective is to retain (at a minimum) and when possible, increase the purchasing power of the funds, while at the same time producing a reasonable return for distribution to meet current needs. To meet this investment objective, the School follows a total- return strategy in which investment decisions are made with the intent of maximizing the long- term total return of the portfolio, combining market- value changes (realized and unrealized) and current yield (interest and dividends). Assets are planned to be invested in a diversified portfolio of fixed income and equities, with sufficient holdings in cash-equivalents and short-term fixed income instruments to fund at least two years of distributions, after taking into consideration expected current income.

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2024**

NOTE 8 – ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The donor restricted endowment fund income is to be used for the designated purpose. Annual distributions from the endowment will be equal to the endowment fund balance at the beginning of that calendar year times the greater of (1) 5.00% or (2) the current yield of the 10-year US Treasury Note plus 200 basis points.

Funds with Deficiencies

From time to time, the fair value of assets associated with endowment funds may fall below the level that the School’s policies requires to retain as a fund of perpetual duration. Deficiencies of this nature would be reported in donor restricted net assets. The School does not have any deficiencies as of July 31, 2024.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The School monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The School has the following financial assets that could readily be made available within one year of the statements of financial position date to fund expenses without limitations:

Cash and cash equivalents	\$ 2,957,972
Accounts receivable	158,805
Investments	<u>5,307,362</u>
Total assets	8,424,139
Less:	
Investments, with donor restriction (See Note 5)	<u>(1,030,374)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 7,393,765</u></u>

In addition, as of July 31, 2024, the School has \$209,282 in investments that are board designated for scholarships. This amount is included in Scholarship fund in the statement of financial position.

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2024**

NOTE 10 – LEASES

The School leases equipment under an operating lease agreement. The leases matures in 2028 and is included in the accompanying financial statements as right of use asset.

The total balance on the right of use asset on the statement of financial position as of July 31, 2024 was \$38,526.

Components of lease cost as of July 31, 2024 was \$38,526 on the statement of financial position.

Future maturities of lease liabilities are presented as follows:

2025	\$	10,695
2026		10,695
2027		10,695
2028		9,803
Total undiscounted cash flows		<u>41,888</u>
Less: present value discount		<u>(3,362)</u>
Total lease liability	\$	<u><u>38,526</u></u>

NOTE 11 – NEW BUILDING / APPEL BUILDING

The School is in process of constructing a new building, which is expected to be completed in October 2024. The total cost of the building from inception through July 31, 2024 totaled approximately \$1,860,000. The School expects to incur additional costs of \$1,000,000 to complete the project.

SUPPLEMENTARY INFORMATION

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JULY 31, 2024**

State Agency, Pass-through Entity State Project	CSFA No.	Contract Grant No.	Expenditures
STATE AGENCIES			
State of Florida Agency for Persons with Disabilities			
The Learning Experience Voluntary Contribution	67.079	AFX10	\$ 1,138,194
Job Rediness Program - Miami Learning Experience School	67.093	ACZ23	<u>\$ 544,644</u>
TOTAL STATE FINANCIAL ASSISTANCE			<u><u>\$ 1,682,838</u></u>

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JULY 31, 2024**

General

The accompanying schedule of expenditures of state financial assistance presents the activity of all state financial assistance programs of The Learning Experience School, Inc. d/b/a Miami Learning Experience School (the “School”) for the year ended July 31, 2024. The School’s reporting entity is described in Note 1 to the School’s financial statements. State financial assistance expended from state agencies are included on the schedule.

Basis of Accounting

The accompanying schedule of expenditures of state financial assistance is presented using the accrual basis of accounting, which is described in Note 1 to the School’s financial statements. The information in this schedule is presented in accordance with the requirements of Chapter 10.650 “Rules of the Auditor General”. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.



Verdeja • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

Manny Alvarez, C.F.F., C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Cristy C. Rubio, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Octavio "Tab" Verdeja, C.F.F., C.P.A.

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Learning Experience School, Inc. d/b/a
Miami Learning Experience School
Miami, 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 Learning Experience School, Inc. d/b/a Miami Learning Experience School (the "School") (a nonprofit organization), which comprise the statement of financial position as of July 31, 2024, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 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 opinion 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 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 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*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 9, 2024



Verdeja • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

Manny Alvarez, C.F.F., C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Cristy C. Rubio, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Octavio "Tab" Verdeja, C.F.F., C.P.A.

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND MAJOR STATE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND
CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

To the Board of Directors of
The Learning Experience School, Inc. d/b/a
Miami Learning Experience School
Miami, Florida

Report on Compliance for Each Major State Project

Opinion on Each Major State Project Program

We have audited The Learning Experience School, Inc. d/b/a Miami Learning Experience School (the School"), compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the School' major state projects for the year ended July 31, 2024. The School's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650 Rules of the Auditor General of the State of Florida. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School' state projects.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and Chapter 10.650, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and Chapter 10.650, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 9, 2024

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
 MIAMI LEARNING EXPERIENCE SCHOOL
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
 STATE FINANCIAL ASSISTANCE PROJECTS
 FOR THE YEAR ENDED JULY 31, 2024**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

State Financial Assistance

Type of auditor's report issued on compliance for major projects: *Unmodified*

Internal control over major projects:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.656 "Rules of the Auditor General" yes no

Identification of major projects:

Name of State Project or Cluster	CSFA Number	Expenditures
<u>Department:</u>		
Agency for Persons with Disabilities	67.079	\$1,138,194
Agency for Persons with Disabilities	67.093	\$544,644

Dollar threshold used to distinguish between type A and type B projects. \$300,000

**THE LEARNING EXPERIENCE SCHOOL, INC. D/B/A
MIAMI LEARNING EXPERIENCE SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JULY 31, 2024**

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR STATE PROJECTS

None

SECTION IV - OTHER ISSUES

1. No management letter was issued for the year ended July 31, 2024.
2. No *Summary Schedule of Prior Audit Findings* is required because there were no prior audit findings related to State projects.
3. No *Corrective Action Plan* is required because there were no findings required to be reported under the Florida Single Audit Acts.