

**MIAMI COMMUNITY CHARTER SCHOOL**  
MIAMI, FLORIDA  
(A CHARTER SCHOOL UNDER MIAMI  
COMMUNITY CHARTER SCHOOLS, INC.)

BASIC FINANCIAL STATEMENTS,  
INDEPENDENT AUDITOR'S REPORT AND  
SUPPLEMENTAL INFORMATION

JUNE 30, 2021

**MIAMI COMMUNITY CHARTER SCHOOL**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2021**

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**MIAMI COMMUNITY CHARTER SCHOOL**  
(A Charter School Under Miami Community Charter Schools, Inc.)

101 SW Redland Road,  
Florida City, FL 33034  
(305) 245-2552

2020-2021

**BOARD OF DIRECTORS**

Ms. Ana Torres, Chair  
Mr. Howard Murphy  
Ms. Carmen Marinelli  
Mr. Shawn Khosravi  
Mr. William Presswood

**SCHOOL ADMINISTRATION**

Ms. Jila Rezaie, Executive Director  
Ms. Maria Alba, Principal



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Miami Community Charter School  
Florida City, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of Miami Community Charter School (the "School"), a charter school under Miami Community Charter Schools, Inc., as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School, as of June 30, 2021, 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and budgetary comparison information on pages 25 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Coral Gables, Florida  
September 14, 2021

CERTIFIED PUBLIC ACCOUNTANTS

## Management's Discussion and Analysis

Miami Community Charter School

June 30, 2021

The corporate officers of Miami Community Charter School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2021.

Because the information contained in the MD&A is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the School's financial statements and notes to the financial statements, as listed in the table of contents.

### FINANCIAL HIGHLIGHTS

1. The assets of the School exceeded its liabilities at June 30, 2021 by \$2,439,864 and at year-end, had current assets of \$3,161,074.
2. The School had an increase in net position of \$1,304,435 during the current fiscal year of operations.
3. The School had an increase in fund balance during the fiscal year of \$173,601, and had a combined ending fund balance of \$2,774,420 at June 30, 2021.

### *Overview of the Financial Statements*

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2021, are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

### *Government-Wide Financial Statements*

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

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

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

The government-wide financial statements can be found on pages 8-9 of this report.

### *Fund Financial Statements*

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 10-13 of this report.

#### *Notes to Financial Statements*

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

The notes to basic financial statements can be found on pages 14-24 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2021 and 2020 follows:

<b>Assets</b>	2021	2020
Cash and cash equivalents	\$ 1,266,778	\$ 1,601,280
Restricted investments	566,132	1,095,157
Due from other agencies	142,553	88,217
Due from other schools	1,141,805	191,147
Prepaid expenses and deposits	45,033	22,372
Capital assets, net	6,460,607	6,072,151
Deferred outflows of resource	464,837	-
Total Assets	\$ 10,087,745	\$ 9,070,324
<b>Liabilities and Position</b>		
Accounts and wages payable and accrued liabilities	\$ 387,881	\$ 397,354
Long-term liabilities	7,260,000	7,537,541
Total Liabilities	7,647,881	7,934,895
Investment in capital assets, net of related debt	231,576	(921,280)
Restricted for debt service	566,132	1,095,157
Unrestricted	1,642,156	961,552
Total Net Position	2,439,864	1,135,429
Total Liabilities and Net Position	\$ 10,087,745	\$ 9,070,324

As of June 30, 2021, total assets consisted primarily of cash, restricted investments, and loan receivables from related parties and capital assets. Total liabilities are comprised mainly of salaries and benefits payable, and bonds payable. The School's net position as of June 30, 2021 was \$2,439,864, which may be used to meet the School's ongoing obligations.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2021 and 2020 follows:

<b>REVENUES</b>	<u>2021</u>	<u>2020</u>
Program Revenues		
Federal lunch program	\$ 276,823	\$ 299,375
Federal through state and local	556,306	449,928
State capital outlay funding	352,820	335,441
Charges for services	-	-
General Revenues		
FEFP nonspecific revenue	4,286,121	4,186,844
Fundraising and other revenue	997,205	705,724
Total Revenues	<u>\$ 6,469,275</u>	<u>\$ 5,977,312</u>
<b>EXPENSES</b>		
Instruction	\$ 2,343,322	\$ 2,414,661
Instructional support services	47,927	48,232
Instruction and curriculum development	11,155	41,172
Instructional staff training services	19,437	4,110
Instructional related technology	58,418	56,508
School board	28,492	14,068
General administration	97,676	94,868
School administration	851,518	999,727
Facilities acquisition and construction	244,975	233,489
Fiscal services	65,797	64,368
Food services	324,974	323,592
Pupil transportation services	219,719	253,027
Operation of plant	313,661	314,493
Maintenance of plant	27,314	19,472
Community services	657	1,307
Interest expense	509,798	512,311
Total Expenses	<u>\$ 5,164,840</u>	<u>\$ 5,395,405</u>
Change in Net Position	1,304,435	581,907
<b>Net Position at Beginning of Year</b>	<u>1,135,429</u>	<u>553,522</u>
<b>Net Position at End of Year</b>	<u>\$ 2,439,864</u>	<u>\$ 1,135,429</u>

The largest revenue source for the School is from the State of Florida (72%). Revenues from State sources for current operations are primarily received through the Florida Education Finance Program (FEFP) funding formula. FEFP utilizes student enrollment data to determine the funds available for the School. The School also received Federal funding (13%) for its participation in the National School Lunch program and Title I program. Instruction expense increased primarily due to an increase in Title I funding.

#### **SCHOOL LOCATION**

The School operates in at 101 SW Redland Road, Florida City, Florida 33034.



## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

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

### **GOVERNMENTAL FUNDS**

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the School's governmental funds reported a combined ending fund balance of \$2,774,420 and an increase in fund balance of \$173,601 compared to prior year.

### **CAPITAL ASSETS**

The School's investment in capital assets, as of June 30, 2021, amounts to \$6,460,607 (net of accumulated depreciation). This investment in capital assets includes land, buildings, leasehold improvements, fixtures, furniture and equipment, and assets under capital leases. The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

### **BOND PAYABLE**

In October 2010, the School issued tax-exempt revenue bonds for \$7,000,000 (Series 2010A) and \$700,000 (Series 2010B) secured by a mortgage on the property and buildings. The bonds were issued to finance the acquisition, building improvements and the equipping of facilities.

During the year ended June 30, 2021, Miami Community Charter Schools, Inc. issued tax-exempt revenue bonds to pay the outstanding balance on the above tax-exempt revenue bonds. The new issued bonds are for \$6,975,000 (Series 2020A) and \$285,000 (Series 2020B) for a total of \$7,260,000. The purpose of these bonds were to refund the prior bonds. The bonds have an outstanding balance of \$7,260,000 as of June 30, 2021. The building, land and bond payable are included on the School's financial statements.

### **BUDGETARY HIGHLIGHTS**

The General Fund, Special Revenue, Capital Projects and Debt Service Fund budgets for the fiscal year ended June 30, 2021, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Over the course of the year, the School may revise its budgets. For the fiscal year ended June 30, 2021, the actual expenditures were equal to the final budget. Refer to the Budgetary Comparison Schedule on pages 25 to 27 for additional information.

### **REQUESTS FOR INFORMATION**

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to the School.

**MIAMI COMMUNITY CHARTER SCHOOL  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 1,266,778
Restricted cash	566,132
Due from governmental agencies	142,553
Due from Miami Community Charter Middle School	661,999
Due from Miami Community Charter High School	479,806
Prepaid expenses	43,806
<b>TOTAL CURRENT ASSETS</b>	<u>3,161,074</u>
<b>CAPITAL ASSETS, NET</b>	
Land	1,670,717
Buildings	5,576,585
Less accumulated depreciation	(1,300,318)
Improvements other than buildings	974,323
Less accumulated depreciation	(721,493)
Furniture, fixtures and equipment	728,848
Less accumulated depreciation	(491,855)
Assets under capital leases	136,000
Less accumulated depreciation	(112,200)
<b>Total capital assets, net</b>	<u>6,460,607</u>
Deposit receivable and other assets	1,227
<b>TOTAL ASSETS</b>	<u>9,622,908</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on bond issuance, net of discount and amortization	464,837
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 10,087,745</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 135,207
Accrued wages payable	252,674
Bonds payable- current portion	145,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>532,881</u>
Bonds payable- long term portion	7,115,000
<b>TOTAL LIABILITIES</b>	<u>7,647,881</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	231,576
Restricted for debt service	566,132
Unrestricted	1,642,156
<b>TOTAL NET POSITION</b>	<u>2,439,864</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 10,087,745</u></u>

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

**MIAMI COMMUNITY CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Functions</b>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 2,343,322	\$ -	556,306	\$ -	\$ (1,787,016)
Instructional support services	47,927	-	-	-	(47,927)
Instruction and curriculum development	11,155	-	-	-	(11,155)
Instructional staff training services	19,437	-	-	-	(19,437)
Instructional related technology	58,418	-	-	-	(58,418)
School board	28,492	-	-	-	(28,492)
General administration	97,676	-	-	-	(97,676)
School administration	851,518	-	-	-	(851,518)
Facilities acquisition and construction	244,975	-	-	-	(244,975)
Fiscal services	65,797	-	-	-	(65,797)
Food services	324,974	-	276,823	-	(48,151)
Pupil transportation services	219,719	-	-	-	(219,719)
Operation of plant	313,661	-	-	-	(313,661)
Maintenance of plant	27,314	-	-	-	(27,314)
Administrative technology services	657	-	-	-	(657)
Interest expense	509,798	-	-	352,820	(156,978)
<b>Total Governmental Activities</b>	<b>\$ 5,164,840</b>	<b>\$ -</b>	<b>\$ 833,129</b>	<b>\$ 352,820</b>	<b>\$ (3,978,891)</b>

**GENERAL REVENUES:**

Government grants not restricted to specific programs	4,286,121
Local and other revenue	997,205
Total general revenues	<u>5,283,326</u>
Change in Net Position	1,304,435
NET POSITION - BEGINNING	<u>1,135,429</u>
NET POSITION - ENDING	<u>\$ 2,439,864</u>

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

**MIAMI COMMUNITY CHARTER SCHOOL  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,266,778	\$ -	\$ -	\$ 1,266,778
Restricted cash	-	566,132	-	566,132
Due from governmental agencies	142,553	-	-	142,553
Due from Miami Community Charter Middle School	661,999	-	-	661,999
Due from Miami Community Charter High School	479,806	-	-	479,806
Prepaid expenses and deposits	45,033	-	-	45,033
<b>TOTAL ASSETS</b>	<b>\$ 2,596,169</b>	<b>\$ 566,132</b>	<b>\$ -</b>	<b>\$ 3,162,301</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 135,207	\$ -	\$ -	\$ 135,207
Accrued wages payable	252,674	-	-	252,674
<b>TOTAL LIABILITIES</b>	<b>387,881</b>	<b>-</b>	<b>-</b>	<b>387,881</b>
<b>FUND BALANCE</b>				
Nonspendable				
Deposit receivable and other assets	45,033	-	-	45,033
Restricted	-	566,132	-	566,132
Unassigned	2,163,255	-	-	2,163,255
<b>TOTAL FUND BALANCE</b>	<b>2,208,288</b>	<b>566,132</b>	<b>-</b>	<b>2,774,420</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,596,169</b>	<b>\$ 566,132</b>	<b>\$ -</b>	<b>\$ 3,162,301</b>

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

**MIAMI COMMUNITY CHARTER SCHOOL  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT  
OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021**

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Total Fund Balance - Governmental Funds \$ 2,774,420

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	9,086,473
Accumulated depreciation	(2,625,866)

Deferred outflow of resources are reported as a result of changes in fair value of deferred amounts on bond issuance costs in the statement of net position

464,837

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

Bond payable	(7,260,000)
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Total Net Position - Governmental Activities

\$ 2,439,864

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

**MIAMI COMMUNITY CHARTER SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Capital Projects Fund	Debt Service Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>					
State passed through local	\$ 4,286,121	\$ -	\$ -	\$ -	\$ 4,286,121
State capital outlay	-	352,820	-	-	352,820
Federal passed through state and local	-	-	-	556,306	556,306
Federal lunch program	-	-	-	276,823	276,823
Other income	441,697	-	11,398	-	453,095
<b>TOTAL REVENUES</b>	<b>4,727,818</b>	<b>352,820</b>	<b>11,398</b>	<b>833,129</b>	<b>5,925,165</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instruction	1,787,016	-	-	556,306	2,343,322
Instructional support services	47,927	-	-	-	47,927
Instruction and curriculum development	11,155	-	-	-	11,155
Instructional staff training services	19,437	-	-	-	19,437
Instructional related technology	58,418	-	-	-	58,418
School board	28,492	-	-	-	28,492
General administration	97,676	-	-	-	97,676
School administration	528,175	-	-	-	528,175
Facilities acquisition and construction	244,975	-	-	-	244,975
Fiscal services	65,797	-	-	-	65,797
Food services	48,151	-	-	276,823	324,974
Pupil transportation services	219,719	-	-	-	219,719
Operation of plant	313,661	-	-	-	313,661
Maintenance of plant	27,314	-	-	-	27,314
Community services	657	-	-	-	657
<b>Capital Outlay:</b>					
Other capital outlay	710,163	-	-	-	710,163
<b>Debt Service:</b>					
Redemption of principal	8,431	-	6,985,000	-	6,993,431
Interest	-	-	502,212	-	502,212
<b>TOTAL EXPENDITURES</b>	<b>4,217,164</b>	<b>-</b>	<b>7,487,212</b>	<b>833,129</b>	<b>12,537,505</b>
Excess (deficiency) of revenues					
Over expenditures	510,654	352,820	(7,475,814)	-	(6,612,340)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in/(out)	191,972	(352,820)	160,848	-	-
Proceeds from long-term financing	-	-	6,785,941	-	6,785,941
<b>Total other financing sources (uses)</b>	<b>191,972</b>	<b>(352,820)</b>	<b>6,946,789</b>	<b>-</b>	<b>6,785,941</b>
Net change in fund balance	702,626	-	(529,025)	-	173,601
Fund balance at beginning of year	1,505,662	-	1,095,157	-	2,600,819
Fund balance at end of year	<b>\$ 2,208,288</b>	<b>\$ -</b>	<b>\$ 566,132</b>	<b>\$ -</b>	<b>\$ 2,774,420</b>

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

**MIAMI COMMUNITY CHARTER SCHOOL  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

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Change in Fund Balance - Governmental Funds \$ 173,601

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

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

Capital outlays	710,163
Depreciation expense	(321,707)

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

Repayments of principal	6,993,431
Proceeds from financing	(6,785,941)

Amortization of deferred outflows	(9,222)
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Gain on extinguishment of debt	544,110
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Change in Net Position of Governmental Activities	\$ 1,304,435
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The accompanying notes are an integral part of this financial statement.

**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

Miami Community Charter School (the “School”) is a charter school sponsored by the School Board of Miami-Dade County, Florida (the “District”). The School’s charter is held by Miami Community Charter Schools, Inc., 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 Board of Directors, which is comprised of six members.

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 District School Board of Miami-Dade County, Florida. The current charter is effective until July 31, 2024, and is subject to annual review and may be renewed by mutual agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. In the event of termination of the charter, the District shall assume operation of the School. The School is considered a component unit of the District; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (GASB).

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities, as the School does not engage in any business type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Major individual governmental funds, namely the general, special revenue, and capital project funds, are reported as separate columns in the fund financial statements:



**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Debt Service Fund – used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

**Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

**Cash and Cash Equivalents**

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Investments

Certain proceeds of the School’s revenue bonds, as well as resources set aside for their repayment, are classified as restricted assets on the statement of net position and the balance sheet-governmental funds because their use is limited by applicable bond covenants and they are maintained in separate bank accounts.

Fair Value Measurement

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Due from Governmental Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state, or other sources and from advances made to other governmental units.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, fixtures and equipment	5 Years
Leasehold improvements	10 Years
Building	30 Years

Compensated Absences

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

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s), and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School has \$464,837 of deferred outflow of resources at June 30, 2021. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s), and so will *not* be recognized as an inflow of resources (revenue) until then.

Government-wide Fund Net Assets

Government-wide fund net assets are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2021 was \$231,576.
- Restricted net position – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2021 was \$566,132.
- Unrestricted net position – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2021, the School had \$45,033 in nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2021, there is restricted fund balance of \$566,132.
- 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. At June 30, 2021, there is no committed fund balance.
- Assigned – fund balance classifications are 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, 2021, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Use of Estimates

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

**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Any remaining fund balance amounts for the non-general funds are to be classified as restricted fund balance. It is possible for the non-general funds to be classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable amounts plus the amount of restricted fund balances for specific purposes exceed the positive fund balance for non-general fund.

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The Department may also adjust subsequent fiscal period allocations based upon an audit of the School's compliance in determining and reporting FTE and related data. Normally, such adjustments are treated as reductions or additions of revenue in the year when the adjustments are made.

The basic amount of funding through the FEFP, under Section 1011.62, Florida Statutes, is the product of the (1) unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes.

For the fiscal year ended June 30, 2021, the School reported 540.92 unweighted FTE and 599.47 weighted FTE.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Florida Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of an FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC).
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC).
- Documentation for instructors teaching out-of-field (Rule 6A-1.0503, FAC).
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC).
- Evaluation and planning documents for weighted programs (Section 1010.305, Florida Statutes, and Rule 6A-6.03411, FAC).

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

**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

The School follows the policy of applying restricted resources prior to applying unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Income Taxes

The School is exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. Additionally, no uncertain tax positions have been made requiring disclosure in the related notes to financial statements. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 14, 2021, which is the date the financial statements were available to be issued.

NOTE 3 – DEPOSITS POLICY AND CREDIT RISK

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned to the School. The School does not have a custodial credit risk policy. All cash deposits are held in banks that qualify as public depositories under Florida law. All such deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

As of June 30, 2021, the carrying amount of the School's operating cash deposit accounts was \$1,266,778 and the bank balance totaled \$1,026,555.

NOTE 4 – RESTRICTED INVESTMENTS

The School has not adopted a written investment policy. Therefore, pursuant to Florida Statutes, the School is authorized to invest in the Florida PRIME investment pool, administered by the State Board of Administration (SBA); Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; and direct obligations of the United States Treasury.

The School has adopted GASB No.79, *Certain External Investment Pools and Pool Participants*. The statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. All of the School's investments are carried at amortized cost of \$566,132, which approximates fair value as of June 30, 2021. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 4 – RESTRICTED INVESTMENTS (Continued)**

The School’s recurring fair value measurements as of June 30, 2021 are valued using quoted market prices (Level 1 inputs) and are reported as follows:

Assets	Fair Value	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)
Cash and cash equivalents	\$ 566,132	\$ 566,132	\$ -	\$ -
	\$ 566,132	\$ 566,132	\$ -	\$ -

Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

**NOTE 5 – DUE FROM OTHER AGENCIES**

The amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds mainly consists of amounts due from the Florida Department of Education funds for amounts due from the National School Lunch Program and the state capital outlay funding recorded in the Special Revenue Fund and Capital Projects Fund, respectively. These receivables are considered fully collectible and, as such, no allowance for uncollectible accounts is accrued.

**NOTE 6 – DUE FROM RELATED PARTIES**

The School reported receivables of \$661,999 and \$479,806 from the Miami Community Charter Middle School (MCM) and Miami Community Charter High School (MCH), respectively, related parties through common control, in its Statement of Net Position and Balance Sheet – Governmental Funds. This amount represents a temporary zero interest demand loan given to partially fund current operations of the MCM and MCH. The School expects to receive repayment of these loans within one year from the financial statement date. Terms of the repayment plans have not yet been established.

**NOTE 7 – OBLIGATIONS UNDER FINANCED EQUIPMENT**

The School financed a server with an asset value of \$28,653. A payment of \$8,431 was paid during the year and the balance was \$0 at June 30, 2021. The following schedule provides a summary of changes for the year ended June 30, 2021:

	Balance July 1, 2020	Borrowings	Repayments	Balance at June 30, 2021
Capital lease payable	\$ 8,431	\$ -	\$ 8,431	\$ -

**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE 8 – CAPITAL ASSETS**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions/Transfers	Balance June 30, 2021
Capital assets				
Land	\$ 1,665,717	\$ 5,000	\$ -	\$ 1,670,717
Building	4,770,328	556,257	250,000	5,576,585
Improvements other than buildings	974,323	-	-	974,323
Construction in progress	250,000	-	(250,000)	-
Furniture, fixtures, and equipment	579,942	148,906	-	728,848
Assets under capital lease	136,000	-	-	136,000
Total capital assets	<u>\$ 8,376,310</u>	<u>\$ 710,163</u>	<u>\$ -</u>	<u>\$ 9,086,473</u>
Less accumulated depreciation				
Building	\$(1,123,266)	\$ (177,052)	\$ -	\$(1,300,318)
Improvements other than buildings	(628,118)	(93,375)	-	(721,493)
Furniture, fixtures and equipment	(454,175)	(37,680)	-	(491,855)
Assets under capital lease	(98,600)	(13,600)	-	(112,200)
Total accumulated depreciation	<u>\$(2,304,159)</u>	<u>\$ (321,707)</u>	<u>\$ -</u>	<u>\$(2,625,866)</u>
Capital assets, net	<u>\$ 6,072,151</u>	<u>\$ 388,456</u>	<u>\$ -</u>	<u>\$ 6,460,607</u>

Depreciation expense for the year ended June 30, 2021 was \$321,707, which was allocated to school administration.

**NOTE 9 – BONDS PAYABLE**

Bonds payable at June 30, 2021, are as follows:

Bond Type	Amount Outstanding	Interest Rates	Maturity
Revenue Bonds:			
Series 2020A	\$ 6,975,000	4.25% to 5.00%	June 2047
Series 2020B	285,000	5.75%	June 2023
Total Bond Payable	<u>\$ 7,260,000</u>		

**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 9 –BONDS PAYABLE (Continued)

**Revenue Bonds Series 2010A and 2010B** – On October 1, 2010, the Miami Community Charter Schools, Inc. issued tax-exempt revenue bonds (Series 2010A) for \$7,000,000 and taxable revenue bonds (Series 2010B) for \$700,000 secured by a mortgage on the property and buildings. The bonds were issued to finance the acquisition, improvements, and equipping of facilities to be used as a nonprofit charter school educational facility. These bonds were fully paid through a refinance in November 2020 as noted below.

In November 2020, Miami Community Charter Schools, Inc. refinanced the tax-exempt Series 2010A and 2010B bonds by issuing new tax-exempt revenue bonds Series 2020A and 2020B for a total of \$7,260,000. The Series 2020A bonds are term bonds paying interest monthly starting on December 15, 2020 at a rate between 4.25% and 5.00% with maturities starting in the year ended June 15, 2023 and ending June 15, 2047. Series 2020B bonds are term bonds paying interest monthly at a rate of 5% with maturities starting June 15, 2022, and ending June 15, 2023.

As required by the bond resolution, Miami Community Charter Schools, Inc. has established a sinking fund and reserve account included on these financial statements as restricted investments and has accumulated and maintained adequate resources in the sinking fund and reserve account.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2021, are as follows:

Fiscal Year Ending	Total	Principal	Interest
2022	500,275	145,000	355,275
2023	501,937	155,000	346,937
2024	503,250	165,000	338,250
2025	501,238	170,000	331,238
2026	499,013	175,000	324,013
2027-2031	2,510,637	1,010,000	1,500,637
2032-2036	2,509,250	1,270,000	1,239,250
2037-2041	2,512,500	1,625,000	887,500
2042-2047	3,008,000	2,545,000	463,000
	<u>\$ 13,046,100</u>	<u>\$ 7,260,000</u>	<u>\$ 5,786,100</u>

The following schedule provides a summary of changes for the year ended June 30, 2021:

	Balance July 1, 2020	Borrowings	Repayments	Balance at June 30, 2021
Bond payable	<u>\$ 6,985,000</u>	<u>\$ 7,260,000</u>	<u>\$ 6,985,000</u>	<u>\$ 7,260,000</u>



**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 10 – NOTE PAYABLE**

Miami Community Charter Schools, Inc., received loan proceeds of \$544,110 through the Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, utilities, and interest expense. During the year ended June 30, 2021, Miami Community Charter Schools, Inc. received full forgiveness of the balance and recognized revenue of \$544,110 which is included in other income on the statement of activities. Below is a summary of changes for the year ended June 30, 2021:

	Balance July 1, 2020	Borrowings	Forgiveness	Balance at June 30, 2021
Note payable	\$ 544,110	\$ -	\$ 544,110	\$ -

**NOTE 11 – FACILITY LEASE – RELATED PARTY**

On October 1, 2010, Miami Community Charter School, Inc. issued \$7,700,000 of bonded debt to construct an educational facility on land owned by Miami Community Charter School, Inc. On July 1, 2020, Miami Community Charter Middle School, Inc. and Miami Community Charter High School, Inc. charter schools were consolidated under Miami Community Charter Schools, Inc. (the “Organization”) and refinanced the Series 2010A and 2010B bonds with new tax exempt revenue Series 2020A and 2020B bonds. The Organization now includes the three charter schools: Miami Community School, Miami Community Charter Middle School and Miami Community Charter High School.

The School receives payments from Miami Community Charter Middle School and Miami Community Charter High School as part of shared building costs including utilities, repairs and maintenance and monthly debt service of \$251,243 and \$198,211, respectively, for the fiscal year ended June 30, 2021.

**NOTE 12 – PROFESSIONAL SERVICE CONTRACTS**

The School entered into an annual contract for professional services with Building Hope Services, LLC to provide consulting and professional services for the School. The contract is cancellable by either party with 30 days written notice. The professional fees for the year ended June 30, 2021, were \$54,300.

**NOTE 13– COMMITMENTS AND CONTINGENCIES**

The School leases its educational facility under a non-cancelable operating lease expiring in August 2021. Rental expenditures under this lease for the year ended June 30, 2021 were \$244,987.

**NOTE 14 – INTER-FUND TRANSFERS**

During fiscal year 2021, the Capital Projects Fund transferred \$352,820 to help finance the School’s principal and interest payments owed on long-term debt. These amounts of inter-fund transfers are netted together and are not reported in the statement of net position and the statement of activities.

**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 15 – SCHEDULE OF STATE REVENUE SOURCES**

The following is a schedule of the School’s State revenue:

Source	Amount
Florida education finance program	\$ 3,038,806
Class size reduction	705,759
Supplementary Academic Instruction	181,576
Student transportation	48,995
Instructional materials	41,927
ESE guaranteed allocation	40,120
Reading allocation	24,051
Safe schools	37,418
Teacher lead program	10,416
Digital classroom allocation	299
Teachers salary increase allocation	94,281
Security grant	48,923
Miscellaneous state revenue	13,550
Total state revenue	<u><u>\$ 4,286,121</u></u>

As provided in the charter school contract and Florida Department of Education Rules, the District has charged the School an administrative fee on FEFP revenue for the first 250 FTE, which totaled \$97,676 for the year ended June 30, 2021.

**NOTE 16 – LEGAL MATTERS**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

**NOTE 17 – GRANTS**

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

**NOTE 18 – RISK MANAGEMENT**

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

**NOTE 19 – CONTINGENCIES**

The World Health Organization (“WHO”) has declared the coronavirus (COVID-19), a global pandemic and public health emergency. At this point, the School cannot reasonably estimate the extent to which this disruption may continue to impact the School’s financial statements and future results of operations.

REQUIRED SUPPLEMENTAL INFORMATION

**MIAMI COMMUNITY CHARTER SCHOOL  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET  
AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 4,096,631	\$ 4,286,121	\$ 4,286,121
Other income	711,450	441,697	441,697
<b>TOTAL REVENUES</b>	<b>\$ 4,808,081</b>	<b>\$ 4,727,818</b>	<b>\$ 4,727,818</b>
<b>EXPENDITURES</b>			
Instruction	\$ 1,571,486	\$ 1,787,016	\$ 1,787,016
Instructional support services	48,522	47,927	47,927
Instruction and curriculum development	45,200	11,155	11,155
Instructional staff training services	3,210	19,437	19,437
Instructional related technology	57,946	58,418	58,418
School board	9,900	28,492	28,492
General administration	95,819	97,676	97,676
School administration	893,667	528,175	528,175
Facilities acquisition and construction	269,900	244,975	244,975
Fiscal services	70,100	65,797	65,797
Food services	-	48,151	48,151
Pupil transportation services	320,000	219,719	219,719
Operation of plant	289,541	313,661	313,661
Maintenance of plant	24,000	27,314	27,314
Administrative technology services	1,500	657	657
Other capital outlay	-	710,163	710,163
Debt service	413,751	8,431	8,431
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,114,542</b>	<b>\$ 4,217,164</b>	<b>\$ 4,217,164</b>
Change in fund balance before transfers out	693,539	510,654	510,654
Transfers out	-	191,972	191,972
Proceeds from long-term financing	-	-	-
<b>Net change in fund balance</b>	<b>\$ 693,539</b>	<b>\$ 702,626</b>	<b>\$ 702,626</b>

See accompanying note to the required supplemental information.

**MIAMI COMMUNITY CHARTER SCHOOL  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET  
AND ACTUAL – SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

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	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Federal passed through state and local	\$ 486,732	\$ 556,306	\$ 556,306
Federal lunch program	324,000	276,823	276,823
<b>TOTAL REVENUES</b>	<b>\$ 810,732</b>	<b>\$ 833,129</b>	<b>\$ 833,129</b>
<b>EXPENDITURES</b>			
Instructional services	\$ 486,732	\$ 556,306	\$ 556,306
Instructional support services	-	-	-
Instruction and curriculum development	-	-	-
Instructional related technology	-	-	-
Food services	324,000	276,823	276,823
<b>TOTAL EXPENDITURES</b>	<b>\$ 810,732</b>	<b>\$ 833,129</b>	<b>\$ 833,129</b>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**MIAMI COMMUNITY CHARTER SCHOOL  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET  
AND ACTUAL – DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

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	Debt Service Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Other income	\$ -	\$ 11,398	\$ 11,398
TOTAL REVENUES	<u>-</u>	<u>11,398</u>	<u>11,398</u>
EXPENDITURES			
Debt services	653,940	7,487,212	7,487,212
TOTAL EXPENDITURES	<u>653,940</u>	<u>7,487,212</u>	<u>7,487,212</u>
Change before other financing sources	(653,940)	(7,475,814)	(7,475,814)
Proceeds from financing sources	-	6,785,941	6,785,941
Transfers in	653,940	160,848	160,848
Net change in fund balance	<u>\$ -</u>	<u>\$ (529,025)</u>	<u>\$ (529,025)</u>

See accompanying note to the required supplemental information.

**MIAMI COMMUNITY CHARTER SCHOOL  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2021, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general, special revenue, capital projects, and debt service funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).



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*

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Board of Directors of  
Miami Community Charter School  
Florida City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Miami Community Charter School (the "School"), as of and for the year ended June 30, 2021, 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 14, 2021.

### **Internal Control Over Financial Reporting**

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

*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 may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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.

Coral Gables, Florida  
September 14, 2021

CERTIFIED PUBLIC ACCOUNTANTS



## MANAGEMENT LETTER

Board of Directors of  
Miami Community Charter School  
Florida City, Florida

### Report on the Financial Statements

We have audited the financial statements of Miami Community Charter School (the “School”), as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 14, 2021.

### 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 14, 2021, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

### Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity and the school code assigned by the Florida Department of Education of the entity is Miami Community Charter School and #130102.

## **Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School 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 School 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 School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2021 is not deteriorating.

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 School 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 School 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 abuse, that have occurred, or are likely to have occurred, that have 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, and applicable management and Miami Community Charter School, Inc. is not intended to be and should not be used by anyone other than these specified parties.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2021