

SOUTH POINT SCHOLARS ACADEMY, INC.

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

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

FOR THE YEAR ENDED JUNE 30, 2022

SOUTH POINT SCHOLARS ACADEMY, INC.
 BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
 JUNE 30, 2022

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SOUTH POINT SCHOLARS ACADEMY, INC.
(A CHARTER SCHOOL AND COMPONENT UNIT OF THE MIAMI-DADE COUNTY SCHOOL BOARD)

24555 SW 112 Avenue
Homestead, FL 33032
(786) 504-3639

2021-2022

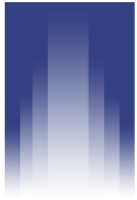
BOARD OF DIRECTORS

Mr. Antonio Sanchez, Board Chair
Mr. Jamarca Sanford, Vice-Chair
Mr. Roberto Hernandez, Treasurer
Ms. Niurka Gonzalez, Secretary
Ms. Maribella Lemus, Board Member
Mr. Jesus Bujan, Board Member

Ms. Darlene Soler – Parent Contact

SCHOOL ADMINISTRATION

Ms. Maria Alba, Principal



GUTIERREZ MADARIAGA

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of South Point Scholars Academy, Inc. (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, we:

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2022 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 Academy's internal control over financial reporting and compliance.

Gutierrez Madariaga, CPA P.A.

GUTIERREZ MADARIAGA, CPA P.A.

Miami, Florida

September 13, 2022

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

June 30, 2022

The corporate officers of South Point Scholars Academy, Inc. (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

1. The School had a decrease in its net position of \$57,214 and had a deficit net position of \$44,222 in its first year of operations.
2. At year-end, the School had current and total assets of \$111,281.
3. The School's fund balance increased by \$42,786 in its first year of operations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2022 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 and liabilities. The difference between the two 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 all of its governmental funds, if applicable. 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 the financial statements can be found on pages 14 – 18 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, 2022 in its first year of operations are as follows:

| Assets | | 2022 |
|--|--|--------------------------|
| Cash and cash equivalents | | <u>\$ 111,281</u> |
| Total Assets | | <u><u>\$ 111,281</u></u> |
| Liabilities and Net Position | | |
| Accounts and wages payable and accrued liabilities | | \$ 55,503 |
| Due to private lender | | <u>100,000</u> |
| Total Liabilities | | 155,503 |
| Unrestricted | | <u>(44,222)</u> |
| Total Net Position (Deficit) | | <u>(44,222)</u> |
| Total Liabilities and Net Position | | <u><u>\$ 111,281</u></u> |

At June 30, 2022, the School's total assets were \$111,281 and total liabilities were \$155,503. At June 30, 2022, the School reported a deficit net position of \$44,222 in its first year of operations.

A summary and analysis of the School's revenues and expenses for the School's first year of operations ended June 30, 2022 are as follows:

| REVENUES | <u>2022</u> |
|--|--------------------|
| Program Revenues | |
| Federal passed through local | \$ 67,683 |
| General Revenues | |
| FEFP nonspecific revenues | 379,519 |
| Fundraising and other revenue | 1,164 |
| Total Revenues | <u>\$ 448,366</u> |
| | |
| EXPENSES | |
| Instructional services | \$ 210,229 |
| Instructional staff training services | 56,748 |
| School administration | 82,348 |
| Facilities and acquisition | 91,501 |
| Food services | 140 |
| Operation of plant | 64,614 |
| Total Expenses | <u>\$ 505,580</u> |
| | |
| Change in Net Position | (57,214) |
| | |
| Net Position at Beginning of Year | <u>12,992</u> |
| Net Position (Deficit) at End of Year | <u>\$ (44,222)</u> |

The School's total revenues for the year ended June 30, 2022, its first year of operations, were \$448,366, while its total expenses were \$505,580 for a net decrease of \$57,214. The School's enrollment was approximately 44 students during the school year.

The School's opening stages have demonstrated that the local demand is once again rising and families are once again touring and planning for their incoming children for the 2022-2023 school year.

SCHOOL LOCATION

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

CAPITAL IMPROVEMENT REQUIREMENT

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *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 net increase in its fund balance of \$42,786 for the fiscal year ending June 30, 2022, however, the School reported a combined ending positive fund balance of \$55,778. in its first year of operations.

GOVERNMENTAL FUND BUDGET ANALYSIS

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

| | All Governmental Funds | | |
|---------------------------------------|------------------------|-------------------|-------------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| State passed through local | \$ 306,301 | \$ 306,301 | \$ 379,519 |
| Federal passed through local | - | - | 67,683 |
| Charges for services and other income | - | - | 1,164 |
| TOTAL REVENUES | \$ 306,301 | \$ 306,301 | \$ 448,366 |
| EXPENDITURES | | | |
| Instruction | \$ 148,500 | \$ 148,500 | \$ 210,229 |
| Board | 10,500 | 10,500 | 56,748 |
| School administration | 96,200 | 96,200 | 82,348 |
| Facilities and acquisition | - | - | 91,501 |
| Food services | - | - | 140 |
| Operation of plant | 57,205 | 57,205 | 64,614 |
| Maintenance of plant | 12,700 | 12,700 | - |
| Administrative technology service | 5,000 | 5,000 | - |
| TOTAL EXPENDITURES | \$ 330,105 | \$ 330,105 | \$ 505,580 |
| Net change in fund balance | (23,804) | (23,804) | (57,214) |
| Other financing sources | 150,000 | 150,000 | 100,000 |
| Net change in fund balance | <u>\$ 126,196</u> | <u>\$ 126,196</u> | <u>\$ 42,786</u> |

The general and special revenue fund budgets for the year ending June 30, 2022, were developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Refer to the budgetary comparison schedules on pages 19-20 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 Maria Alba-Quesada at the School's address.

SOUHT POINT SCHOLARS ACADEMY, INC.
STATEMENT OF NET POSITION
JUNE 30, 2022

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents | \$ 111,281 |
| TOTAL CURRENT ASSETS | <u>111,281</u> |
| TOTAL ASSETS | <u>\$ 111,281</u> |
| LIABILITIES AND NET POSITION | |
| LIABILITIES | |
| Accrued wages payable | \$ 55,503 |
| TOTAL CURRENT LIABILITIES | <u>55,503</u> |
| Advance from private lender | <u>100,000</u> |
| TOTAL LIABILITIES | <u>155,503</u> |
| NET POSITION | |
| Unrestricted | <u>(44,222)</u> |
| TOTAL NET POSITION (DEFICIT) | <u>(44,222)</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 111,281</u> |

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

SOUHT POINT SCHOLARS ACADEMY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Program Revenues

| Functions | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--------------------------------------|-------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities: | | | | | |
| Instruction | \$ 210,229 | \$ - | \$ 67,683 | \$ - | \$ (142,546) |
| Board | 56,748 | - | - | - | (56,748) |
| School administration | 82,348 | - | - | - | (82,348) |
| Facilities and acquisition | 91,501 | - | - | - | (91,501) |
| Food services | 140 | - | - | - | (140) |
| Operation of plant | 64,614 | - | - | - | (64,614) |
| Total Governmental Activities | \$ 505,580 | \$ - | \$ 67,683 | \$ - | \$ (437,897) |

GENERAL REVENUES:

| | |
|---|----------------|
| Government grants not restricted to specific programs | 379,519 |
| Miscellaneous revenue | 1,164 |
| Total general revenues | <u>380,683</u> |

Change in Net Position (57,214)

NET POSITION - BEGINNING 12,992

NET POSITION (DEFICIT) - ENDING \$ (44,222)

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

SOUHT POINT SCHOLARS ACADEMY, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022

| | <u>Governmental Fund</u> |
|---|--------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 111,281 |
| TOTAL ASSETS | <u>\$ 111,281</u> |
| LIABILITIES AND FUND BALANCES | |
| LIABILITIES | |
| Accrued wages payable | \$ 55,503 |
| TOTAL LIABILITIES | <u>55,503</u> |
| FUND BALANCE | |
| Unassigned | 55,778 |
| TOTAL FUND BALANCE | <u>55,778</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 111,281</u> |

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

SOUHT POINT SCHOLARS ACADEMY, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balance - Governmental Funds \$ 55,778

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

Advances from private lenders and other long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Advance from private lender (100,000)

Total Net Position - Governmental Activities \$ (44,222)

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

SOUHT POINT SCHOLARS ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

| | Governmental Funds | Special Revenue Fund | Total Governmental Funds |
|--------------------------------------|-----------------------|-------------------------|--------------------------------|
| REVENUES | | | |
| State passed through local | \$ 379,519 | \$ - | \$ 379,519 |
| Federal passed through local | - | 67,683 | 67,683 |
| Other income | 1,164 | - | 1,164 |
| TOTAL REVENUES | \$ 380,683 | \$ 67,683 | \$ 448,366 |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | \$ 142,546 | \$ 67,683 | \$ 210,229 |
| Board | 56,748 | - | 56,748 |
| School administration | 82,348 | - | 82,348 |
| Facilities and acquisition | 91,501 | - | 91,501 |
| Food services | 140 | - | 140 |
| Operation of plant | 64,614 | - | 64,614 |
| TOTAL EXPENDITURES | \$ 437,897 | \$ 67,683 | \$ 505,580 |
| Excess of revenues over expenditures | (57,214) | - | (57,214) |
| Other Financing Sources | | | |
| Advance from private lender | 100,000 | - | 100,000 |
| Total Other Financing Sources | 100,000 | - | 100,000 |
| Net change in fund balance | 42,786 | - | 42,786 |
| Fund balance at beginning of year | 12,992 | - | 12,992 |
| Fund balance at end of year | \$ 55,778 | \$ - | \$ 55,778 |

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

**SOUHT POINT SCHOLARS ACADEMY, INC.
 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, 2022**

| | | |
|---|----|--------|
| Change in Fund Balance - Governmental Funds | \$ | 42,786 |
|---|----|--------|

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

The proceeds from advances provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of advance principal is an expenditure in the governmental funds, but the repayment reduces

| | |
|------------------------------|-----------|
| Advances from private lender | (100,000) |
|------------------------------|-----------|

| | | |
|---|-----------|-----------------|
| Change in Net Position of Governmental Activities | <u>\$</u> | <u>(57,214)</u> |
|---|-----------|-----------------|

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

**SOUTH POINT SCHOLARS ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

South Point Scholars Academy, Inc. (the “School”) is a charter school and is a component unit of the School Board of Miami-Dade County, Florida (the “District”) and is a component unit of the District. The School’s charter is held by South Point Scholars Academy, 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 not less than 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 School Board of Miami-Dade County, Florida. The current charter is effective until June 30, 2026. At the end of the term of the charter, the District Board may choose not to renew the charter under grounds specified in the charter, in which case the District Board 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 School Board may also terminate the charter if good cause is shown. The charter may be renewed annually by mutual agreement.

These financial statements are for the year ended June 30, 2022, when approximately 44 students were enrolled in grade Kindergarten.

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. These statements do not include fiduciary funds.

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:

SOUHT POINT SCHOLARS ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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). Any revisions to the annual budget are approved by the Board.

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.

Due from Other Agencies

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

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 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 and equipment | 3-5 Years |
| Computer equipment and software | 3-5 Years |

SOUHT POINT SCHOLARS ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The School grants a specific number of days for 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 days 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.

Government-wide Fund Net Position

Government-wide fund net position 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, 2022, was \$0.
- Restricted net assets – 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, 2022 was \$0.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

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

- Non-spendable – 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, 2022, the School had \$0 in non-spendable 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, 2022, there is no restricted fund balance.
- 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, 2022, there is no committed fund balance.
- Assigned – fund balance classification 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, 2022, 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.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2022, there are no minimum fund balance requirements for any of the School’s funds.

**SOUTH POINT SCHOLARS ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

Revenues for operations will be received primarily from the School Board of Miami-Dade County (the “School Board”) 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. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

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.

Income Taxes

South Point Scholars Academy, Inc. qualifies as a tax exempt organization under the Internal Revenue Code Section 5011(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

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.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 13, 2022, which is the date the financial statements were available to be issued.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

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

In providing these management services to the School, officers of MSS may not serve as members of the Board of Directors of the School. The agreement began on July 1, 2021, and is in effect through June 30, 2031 with an option to renew. The contract can be terminated by either party with 60 days’ notice. The contract calls for a management fee of 10% of full time equivalent (FTE) revenues based on the School’s enrollment in the first year and 12% thereafter. During the year-ended June 30, 2022, MSS was reimbursed \$1,125 for the School’s governance training. During the year ended June 30, 2022, MSS waived all management fees and no amounts were due to MSS at June 30, 2022.

Facilities:

South Point Scholars Academy, Inc., entered into a lease agreement for its current educational facilities on August 1, 2021. The lease expires on June 30, 2022 with a monthly expense of approximately \$8,700. Subsequent to year end, there was a renewal agreement made to the lease in August 2022 which expires in June 2023. The monthly rent is approximately \$11,600. For the year ended June 30, 2022, the rent expense was \$87,273.

Below are the total estimated future minimum lease payments for the facilities as follows:

| | |
|---------------------------|------------|
| <u>Year Ended June 30</u> | |
| 2022 | \$ 128,000 |

SOUHT POINT SCHOLARS ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – COMMITMENTS AND CONTINGENCIES (Continued)

Advance from Private Lender

During fiscal year ended June 30 2022, a private lender advanced the School \$100,000. This advance is non-interest bearing and will be repaid when the School is financially capable and is included in the statement of net position as a long-term liability.

NOTE 4 – DEPOSITS POLICY AND CREDIT RISK

It is the School's policy to maintain its cash and cash equivalents in one financial institution. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. Bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2022, bank balances in potential excess of FDIC coverage was \$0.

NOTE 5 – 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 6 – RISK MANAGEMENT

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

REQUIRED SUPPLEMENTAL INFORMATION

SOUHT POINT SCHOLARS ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | General Fund | | |
|---|-------------------|-------------------|-------------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| State passed through local | \$ 306,301 | \$ 306,301 | \$ 379,519 |
| Charges for services and other income | - | - | 1,164 |
| TOTAL REVENUES | 306,301 | 306,301 | 380,683 |
| EXPENDITURES | | | |
| Instruction | \$ 148,500 | \$ 148,500 | \$ 142,546 |
| Board | - | - | 56,748 |
| School board | 10,500 | 10,500 | - |
| School administration | 96,200 | 96,200 | 82,348 |
| Facilities and acquisition | - | - | 91,501 |
| Food services | - | - | 140 |
| Operation of plant | 57,205 | 57,205 | 64,614 |
| Administrative technology services | 5,000 | 5,000 | - |
| TOTAL EXPENDITURES | \$ 317,405 | \$ 317,405 | \$ 437,897 |
| Change in fund balance before other financing sources | (11,104) | (11,104) | (57,214) |
| Other financing sources | 150,000 | 150,000 | 100,000 |
| Net change in fund balance | \$ 138,896 | \$ 138,896 | \$ 42,786 |

See accompanying note to the required supplemental information.

SOUHT POINT SCHOLARS ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022

| | Special Revenue Funds | | |
|------------------------------|-----------------------|----------------|---------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| Federal passed through local | \$ 162,674 | \$ 162,674 | \$ 67,683 |
| TOTAL REVENUE | <u>162,674</u> | <u>162,674</u> | <u>67,683</u> |
| EXPENDITURES | | | |
| Instruction | 162,674 | 162,674 | 67,683 |
| TOTAL EXPENDITURES | <u>162,674</u> | <u>162,674</u> | <u>67,683</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompanying note to the required supplemental information.

SOUHT POINT SCHOLARS ACADEMY, INC.
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, 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, and capital outlay 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).



GUTIERREZ MADARIAGA

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Point Scholars Academy, Inc. (the "School"), as of and for the year ended June 30, 2022, 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 13, 2022.

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) 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.

Gutierrez Madariaga, CPA P.A.

GUTIERREZ MADARIAGA, CPA P.A.

Miami, Florida

September 13, 2022



GUTIERREZ MADARIAGA

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of South Point Scholars Academy, Inc. (the "School"), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 13, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 13, 2022, 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 school is South Point Scholars Academy, Inc. #135836.

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, 2022 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the School Board of Miami-Dade County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Gutierrez Madariaga, CPA P.A.

GUTIERREZ MADARIAGA, CPA P.A.

Miami, Florida

September 13, 2022