

**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI**

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

BASIC FINANCIAL STATEMENTS, INDEPENDENT  
AUDITORS' REPORT AND SUPPLEMENTAL  
INFORMATION

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2015**

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**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI**

111 Northwest 183<sup>rd</sup> Street, 2<sup>nd</sup> Floor  
Miami, FL 33169  
(786) 503-5728

**2014-2015**

**BOARD OF DIRECTORS**

Aviva Budd, Title Director  
Jaret L. Davis, Title Director  
Melanie Damian, President, Title Secretary  
Patrick Gannon, Title Treasurer  
Robert Gordon, Title Director  
Michelle Mason, Title Director  
Virginia Emmons, Title Director  
Cindy Lederman, Title Director  
Gale Nelson, Title Director  
Tery Medina, Title Director  
Ari Abraham Porth, Title Director

**SCHOOL ADMINISTRATION**

Ms. Frances Allegra, President  
Mrs. Kara A. Locke, Head of School



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Miami Boarding School, Inc.  
d/b/a The SEED School of Miami  
Miami, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of The Miami Boarding School, Inc. d/b/a The SEED School of Miami (the "School"), and a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2015, 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 and each major fund of the School, as of June 30, 2015, 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.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and budgetary comparison information on pages 29 through 31 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2015, 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.

A handwritten signature in blue ink, reading "Veedy-DeArman Touyelle".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 1, 2015

## Management's Discussion and Analysis

The Miami Boarding School, Inc.

d/b/a The SEED School of Miami

The discussion and analysis of The Miami Boarding School, Inc. d/b/a The Seed School of Miami (the "School") financial performance provides an overview of the School's financial activities for the Fiscal Year ended June 30, 2015.

### FINANCIAL HIGHLIGHTS

1. The assets of the School exceeded its liabilities at June 30, 2015 by \$317,448 (net position).
2. At year-end, the School had current assets of \$457,509.
3. The net position of the School, in its first year of operations, increased by \$317,448.

#### *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, 2015 are presented in accordance with Governmental Accounting Standards Board ("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 15-16 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 comply 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 17-20 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 21-28 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. Below is a summary of the School's net position as of June 30, 2015, the conclusion of its first year of operations:

| <b>Assets</b>   |  | <b>2015</b>       |
|---|--|-------------------|
| Cash  |  | \$ 374,735        |
| Accounts receivables                                  |  | 50,045            |
| Prepaid expenses                                      |  | 32,729            |
| Deposits receivable and other assets                  |  | 1,000             |
| Capital assets, net                                   |  | 86,709            |
| Total Assets  |  | <u>\$ 545,218</u> |
| <b>Liabilities and Net Position</b>                   |  |                   |
| Accounts payable and accrued expenses                 |  | \$ 60,252         |
| Due to The SEED Foundation                            |  | 113,361           |
| Loan payables   |  | 54,157            |
| Total Liabilities                                     |  | <u>227,770</u>    |
| Net investment in capital assets, net of related debt |  | 32,552            |
| Restricted  |  | 255,688           |
| Unrestricted  |  | 29,208            |
| Total Net Position                                    |  | <u>317,448</u>    |
| Total Liabilities and Net Position                    |  | <u>\$ 545,218</u> |

Below is a summary and analysis of the School's revenues and expenses for the year ended June 30, 2015:

| <b>REVENUES</b>                              | <u>2015</u>                |
|--|----------------------------|
| Program Revenues                             |                            |
| Contributions and other grants               | \$ 3,030,637               |
| Other miscellaneous state revenues           | 1,400,000                  |
| General Revenues                             |                            |
| FEFP nonspecific revenue                     | 380,411                    |
| Other income                                 | 7,225                      |
| <b>Total Revenues</b>                        | <u><u>\$ 4,818,273</u></u> |
| <br><b>EXPENSES</b>                          |                            |
| Instruction                                  | \$ 757,052                 |
| Instructional support services               | 747,683                    |
| Instructional staff training services        | 48,643                     |
| Instructional related technology             | 10,000                     |
| School administration                        | 1,730,948                  |
| Fiscal services                              | 18,319                     |
| Food services                                | 227,583                    |
| Pupil transportation services                | 59,450                     |
| Operation of plant                           | 820,657                    |
| Administrative technology services           | 21,517                     |
| Maintenance of plant                         | 53,330                     |
| Community services                           | 5,643                      |
| <b>Total Expenses</b>                        | <u><u>\$ 4,500,825</u></u> |
| <br>Change in Net Position                   | 317,448                    |
| <br><b>Net Position at Beginning of Year</b> | <br>-                      |
| <b>Net Position at End of Year</b>           | <u><u>\$ 317,448</u></u>   |

## **ACCOMPLISHMENTS**

### **SEED School Growth**

In 1998, The SEED Foundation (the "Foundation") opened the nation's first college-preparatory public boarding school in Washington, D.C. to serve students who were not succeeding in traditional public schools. SEED schools were envisioned as a solution in a spectrum of options for improving educational outcomes. In the past year, SEED schools expanded beyond Washington, D.C. and Maryland and opened its third school in Miami, Florida.

Many lessons learned from the Foundation's work with students in D.C. and Maryland were applied to the program at The SEED School of Miami. On August 17, 2014, the School opened with its first class of incoming 6<sup>th</sup> graders. The demographic breakdown of the founding 6<sup>th</sup> grade class included African American, Hispanic, and Haitian students. The majority of students in this group were from Miami-Dade County, with a few from Broward County. Of the 62 entering students in fall of 2014, 56 remained enrolled for the entire school year.

The School recruited students specifically from South Florida's underserved communities. Student eligibility criteria for the Fiscal Year defined by Florida statute included: residency of Florida and eligibility to attend school in participating school districts; eligibility for 6<sup>th</sup> grade during upcoming school year and born on or after February 1, 2003; family gross income at or

below 200% federal poverty line; and eligibility for benefits or services funded by Temporary Assistance for Needy Families (TANF) or Title IV-E of the Social Security Act.

In addition to the eligibility criteria, students also met at least one of the following at-risk factors: coverage under the terms of the state's Child Welfare Waiver Demonstration project; in foster care or declared an adjudicated dependent; current head of household is not the student's custodial parent; resident in a household receiving a housing voucher or eligible for public housing; or an immediate family member has been incarcerated. Furthermore, a third of the open slots at the School are reserved for children who have received or are receiving services from the child welfare system.

### **Organizational Design**

Customizing its support to better serve SEED students, the School has a unique organizational structure. The School has a president who focuses on all operations and external relations functions such as board management, facilities, legislative advocacy, communications, and fundraising. This structure expands the capacity of the head of school to stay focused on the programmatic needs and outcomes of SEED's 24-hour learning model.

In addition, the general process of hiring programmatic leaders for new schools has been systematized. First, the head of school was hired approximately 14 months prior to the opening of the school. Then, academic and student life directors were hired nine months before the School opened. While a thorough search is conducted for leadership roles, SEED recognizes the importance of maintaining institutional knowledge and fidelity to the SEED way. Thus, SEED has nurtured internal talent to develop strong candidates for future leadership roles; the heads of school at SEED Miami and SEED MD were long-time leaders in SEED schools before transitioning to the head of school role. In addition to establishing a thorough process for identifying strong leadership, SEED also recognizes the importance of incorporating a year-long planning process prior to opening a new SEED school. This process enables school leaders to thoughtfully prepare to recruit students from underrepresented communities, implement SEED's 24-hour learning program, and establish a performance plan to meet SEED's network-wide goals and its school-specific goals.

SEED Miami has also been deliberate in its approach to hiring to ensure that strong candidates are clearly aligned with the SEED model; in fact, mission-fit is a key criterion that is assessed at each stage in the application process. For the 2015-2016 school year, 95% of SEED Miami faculty, who were asked to return, have done so.

### **Programmatic Accomplishments**

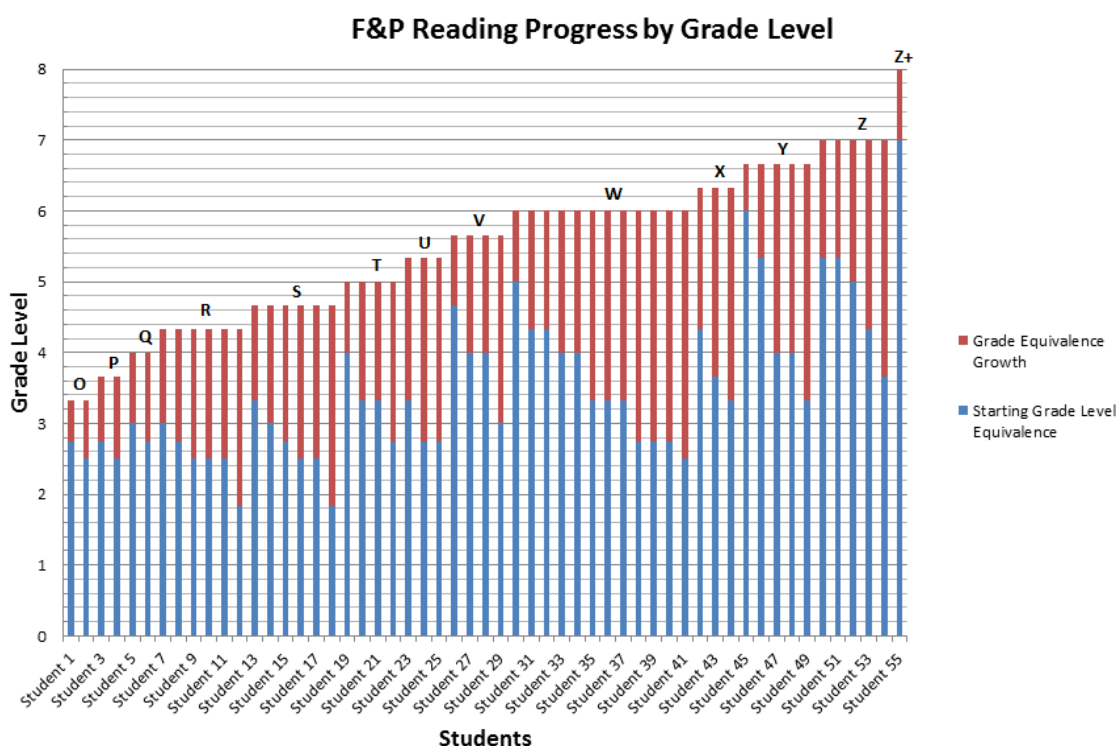
The SEED School of Miami successfully completed its first year of operations in June 2015 thanks to the support of the Florida Department of Education Office of Independent Education and Parental Choice, Miami Dade County Public Schools, and the Florida Department of Children and Families.

The following data reflects the key accomplishments of our students and staff during the 2014-2015 school year.

### Attendance Rates

|                        | Actual | Target |
|------------------------|--------|--------|
| Quarter 1              | 94.42% | 90%    |
| Quarter 2              | 96.66% | 92%    |
| Quarter 3              | 96.23% | 94%    |
| Quarter 4              | 94.53% | 96%    |
| Yearly Attendance Rate | 95.95% |        |

### Reading Level Growth



The chart above illustrates the following accomplishments of our scholars' reading development:

- 74.5% of SEED Miami scholars grew 1.5 grade levels or more throughout the school year.
- Students on average grew 1.99 grade levels, a significant improvement.
- The chart also indicates that 26 students moved up at least two grade levels throughout the school year.
- On average, male and female students progressed in their reading levels at similar rates.

### ACT Aspire Test Results

The SEED School of Miami elected to administer the ACT Aspire exam as a means of capturing summative data on student performance during the 14-15 school year. The test allows for a comparison of our students' performance to that of sixth graders across the country and also

provides our staff with immediate feedback that may inform our practice in the 2015-2016 school year. This nationally-normed comparison of student performance can be used as a measurement of college readiness, a critical part of our school's mission. The exam also allows a measurement of the value-added by the SEED Miami program.

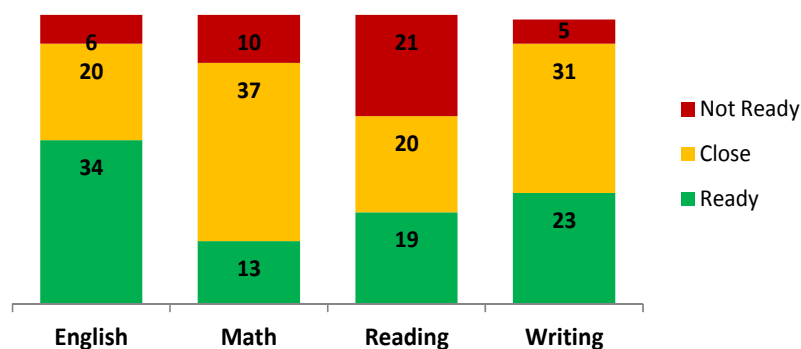
In the Spring of 2015, The SEED School of Miami tested students in four subject areas using the ACT Aspire exam: English, Reading, Math and Writing. The categories of assessment for each are listed below.

- English
  - Production of Writing
  - Knowledge of Language
  - Conventions of Standard English
- Writing
  - Ideas and Analysis
  - Development and Support
  - Organization
  - Language Use and Conventions
- Reading
  - Key Ideas and Details
  - Craft and Structure
  - Integration of Knowledge and Ideas
  - Progress with Text Complexity
- Math
  - Grade Level Progress
  - Foundation
  - Justification and Explanation
  - Modeling
  - The Number System
  - Expressions and Equations
  - Ratios and Proportional Relationships
  - Geometry
  - Statistics and Probability

There are three performance levels reported on the ACT Aspire test:

- **Ready:** these students have met the ACT Readiness benchmark and are on target for 50% of higher likelihood of college course success by grade 11
- **Close:** these students scored below, but near, the ACT Readiness benchmark
- **In Need of Support:** these students performed substantially below the ACT Readiness Benchmark

**Performance Level Distribution**



### **English Assessment Results**

- 90% of students scored “ready” or “close” on the ACT Aspire English exam. 57% scored “ready.”
- A score of 420 is required to be considered “ready.”
- The SEED Miami average score was 421, therefore above the ACT readiness benchmark.
- The National Average for this test was a score of 424. The SEED Miami average score was therefore below the National Average.

### **Math Assessment**

- Starting point: The average 2014 FCAT Math score for our incoming students was a 2.52/5.0.
- 83% of students scored “ready” or “close” on the ACT Aspire mathematics exam. 22% scored “ready.”
- A score of 420 is required to be considered “ready.”
- The SEED Miami average score was 417, therefore below the ACT readiness benchmark.
- The National Average for this test was a score of 419. The SEED Miami average score was therefore below the National Average.

### **Reading Assessment**

- Starting point: The average 2014 FCAT Reading score for our incoming students was a 2.28/5.0.
- 65% of students scored “ready” or “close” on the ACT Aspire Reading exam. 33% scored “ready.”
- A score of 421 is required to be considered “ready.”
- The SEED Miami average score was 417, therefore below the ACT readiness benchmark.
- The National Average for this test was a score of 419. The SEED Miami average score was therefore below the National Average.

### **Writing Assessment**

- 91% of students scored “ready” or “close” on the ACT Aspire writing exam. 39% scored “ready.”
- A score of 428 is required to be considered “ready.”
- The SEED Miami average score was 427, therefore below the ACT readiness benchmark.

- The National Average for this test was a score of 426. The SEED Miami average score was therefore above the National Average.

The ACT Aspire results achieved by the SEED Miami students highlight a number of gains. Amongst the trends and opportunities noted in this data are:

- SEED Miami prioritizes writing instruction by offering writing as a stand-alone class split from reading instruction. A writing professor is hired and trained to teach this course. The impressive writing results are believed to be a direct reflection of this curriculum and prioritization of instructional time in writing.

### **Exposure Opportunities**

The SEED School of Miami commits to exposing students to a wide variety of learning opportunities in the local community. Throughout the 2014 – 2015 school year, SEED offered the following extracurricular activities:

- |                            |   |
|----------------------------|---|
| • French Club              | • Miami Gardens Police Explorer program |
| • SEED Fit                 | • Bowling Club                          |
| • Dance Club               | • Football                              |
| • Drama Club               | • Singing                               |
| • Spoken Word Club         | • Origami                               |
| • Basketball               | • Yearbook                              |
| • Comic Book Art           | • Robotics                              |
| • Do-it-yourself crafts    | • Fashion Design                        |
| • Computer/technology club | • Cooking                               |
| • Soccer5 program          | • Acting                                |
| • Animal Activism          |   |

In an effort to empower our students and provide them with opportunities to own and shape our community, the following leadership opportunities are in place at SEED Miami:

- **Student Ambassador Program:** The Student Ambassador program is one that exists across the SEED network. Interested students completed applications, gathered references from adults, and completed a full interview with school leaders. Upon selection, this group of 20 students is taught valuable public speaking and interpersonal skills that will assist them in serving as the student representatives of SEED Miami. SEED Miami board members may expect to interact with these students at future board meetings, tours of the school, student and staff recruitment fairs, and fundraising events.
- **Student Government Association (SGA):** Interested students ran for office for the positions of school President, Vice President, Secretary/Treasurer, and House Representatives. On Election Day, SEED Miami staff and students voted for candidates. Our elected President and her classmates recently began their duties by attending an event hosted by the FMU Student Government representatives.

Additionally, the following incentive trips were taken to expose our youth to new experiences:

- Miami International Auto Show
  - Jazz concert at Florida Memorial University
  - The Broadway show, “Wicked”
  - Boomers! Family Entertainment Center
  - Miami Heat game
  - The film, “Selma”
  - Frost Museum of Science
  - University tours (Florida)
  - Barry University field day
  - Family poetry night
  - The Real Food Academy
  - eMerge conference
  - Color Me Mine ceramics
- Buffalo Cove Outdoor Education Center: One of our 6<sup>th</sup> grade boys was given the opportunity to spend a week during the summer of 2015 in North Carolina at the Buffalo Cove Outdoor Education Center. Their mission is to create a physically and emotionally safe learning environment where individuals can find harmony and empowerment through self-understanding, self-confidence, simple living, friendships and fun. Buffalo Cove feels these are basic human needs that help to create a solid foundation from which “goodness” radiates.
  - Community Beautification Project: During Mental Health Awareness Month, the Mental Health Counselors at SEED Miami organized a community beautification project at the Amelia Earhart Park. Students, families, and staff traveled to the park after academic school hours and cleaned up trash, repainted benches, and laid mulch throughout. It was a wonderful opportunity to encourage our students’ interest in our community and show how they are an integral part of its beautification.

### **SCHOOL LOCATION**

The School operates in the Miami area located at 111 Northwest 183 Street, 2<sup>nd</sup> Floor, Miami, FL 33169. For the Fiscal Year ended June 30, 2015, the School operated at 15800 NW 42<sup>nd</sup> Avenue, Building 1, Miami Gardens, FL 33154.

### **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 comply 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 First Year of operations, the School’s governmental funds reported a positive net change and combined ending fund balance of \$284,896.

## CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2015, amounts to \$86,709 (net of accumulated depreciation). This investment in capital assets includes furniture & fixtures and motor vehicles.

## 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<br>Budget     | Final Budget        | Actual              |
| REVENUES   |                        |                     |                     |
| Revenue from state sources                               | \$ 338,160             | \$ 338,160          | \$ 380,411          |
| Contributions and other grants                           | 2,625,000              | 2,625,000           | 2,855,637           |
| Other miscellaneous state revenues                       | 1,400,000              | 1,400,000           | 1,400,000           |
| Federal through state and local                          | 175,000                | 175,000             | 175,000             |
| Other income   | -                      | -                   | 7,225               |
| TOTAL REVENUES   | <u>\$ 4,538,160</u>    | <u>\$ 4,538,160</u> | <u>\$ 4,818,273</u> |
| EXPENDITURES   |                        |                     |                     |
| Instruction  | \$ 851,320             | \$ 851,320          | \$ 757,052          |
| Instructional support services                           | 734,316                | 734,316             | 747,683             |
| Instructional media services                             | -                      | -                   | -                   |
| Instructional staff training services                    | 63,500                 | 63,500              | 48,643              |
| Instructional related technology                         | 7,500                  | 7,500               | 10,000              |
| School administration                                    | 1,652,650              | 1,652,650           | 1,729,149           |
| Fiscal services  | -                      | -                   | 18,319              |
| Food services  | 220,000                | 220,000             | 227,583             |
| Pupil transportation services                            | 100,000                | 100,000             | 59,450              |
| Operation of plant                                       | 818,675                | 818,675             | 806,531             |
| Administrative technology services                       | 15,000                 | 15,000              | 21,517              |
| Community services                                       | 2,000                  | 2,000               | 5,643               |
| Maintenance of plant                                     | 40,000                 | 40,000              | 53,330              |
| Debt service   | -                      | -                   | 7,716               |
| Other capital outlay                                     | -                      | -                   | 100,835             |
| TOTAL EXPENDITURES                                       | <u>\$ 4,504,962</u>    | <u>\$ 4,504,962</u> | <u>\$ 4,593,451</u> |
| Change in fund balance before other<br>financing sources | 33,198                 | 33,198              | 224,822             |
| Other financing sources                                  | <u>-</u>               | <u>-</u>            | <u>60,074</u>       |
| Net change in fund balance                               | <u>\$ 33,198</u>       | <u>\$ 33,198</u>    | <u>\$ 284,896</u>   |

## 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 Ms. Fran Allegra, President.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a/ THE SEED SCHOOL OF MIAMI**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

|   | Governmental<br>Activities<br><u>2015</u> |
|---|---|
| <b>ASSETS</b>                                   |   |
| <b>CURRENT ASSETS</b>                           |   |
| Cash and cash equivalents                       | \$ 374,735                                |
| Accounts receivables                            | 50,045                                    |
| Prepaid expenses                                | <u>32,729</u>                             |
| TOTAL CURRENT ASSETS                            | 457,509                                   |
| <b>CAPITAL ASSETS</b>                           |   |
| Furniture and equipment                         | 18,541                                    |
| Less accumulated depreciation                   | (3,905)                                   |
| Motor vehicles                                  | 82,294                                    |
| Less accumulated depreciation                   | <u>(10,221)</u>                           |
| TOTAL CAPITAL ASSETS, NET                       | <u>86,709</u>                             |
| Deposit receivable and other assets             | <u>1,000</u>                              |
| <b>TOTAL ASSETS</b>                             | <u><u>\$ 545,218</u></u>                  |
| <b>LIABILITIES AND NET POSITION</b>             |   |
| <b>LIABILITIES</b>                              |   |
| Accounts payable and accrued expenses           | \$ 60,252                                 |
| Due to The SEED Foundation                      | 113,361                                   |
| Loan payables - current portion                 | <u>10,980</u>                             |
| TOTAL LIABILITIES                               | <u>184,593</u>                            |
| Loan payable - long term portion                | <u>43,177</u>                             |
| <b>NET POSITION</b>                             |   |
| Invested in capital assets, net of related debt | 32,552                                    |
| Restricted                                      | 255,688                                   |
| Unrestricted                                    | <u>29,208</u>                             |
| TOTAL NET POSITION                              | <u>317,448</u>                            |
| <b>TOTAL LIABILITIES AND NET POSITION</b>       | <u><u>\$ 545,218</u></u>                  |

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

**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a/ THE SEED SCHOOL OF MIAMI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

| 2015   |                     |                         |  |  |  |
|--|---------------------|-------------------------|--|--|--|
| Functions  | Expenses            | Program Revenues        |  |  | Net (Expense)<br>Revenue<br>and Changes<br>in Net Assets |
|  |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |  |
| <b>Governmental Activities:</b>                              |                     |                         |  |  |  |
| Instruction  | \$ 757,052          | \$ -                    | \$ 23,847                                | \$ -                                   | \$ (733,205)   |
| Instructional support services                               | 747,683             | -                       | -  | -                                      | (747,683)  |
| Instructional staff training services                        | 48,643              | -                       | 38,152                                   | -                                      | (10,491)   |
| Instructional related technology                             | 10,000              | -                       | 4,020                                    | -                                      | (5,980)  |
| School administration  | 1,730,948           | -                       | 8,290                                    | -                                      | (1,722,658)  |
| Fiscal services  | 18,319              | -                       | -  | -                                      | (18,319)   |
| Food services  | 227,583             | -                       | -  | -                                      | (227,583)  |
| Pupil transportation services                                | 59,450              | -                       | -  | -                                      | (59,450)   |
| Operation of plant   | 820,657             | -                       | 100,691                                  | -                                      | (719,966)  |
| Maintenance of plant   | 53,330              | -                       | -  | -                                      | (53,330)   |
| Administrative technology services                           | 21,517              | -                       | -  | -                                      | (21,517)   |
| Community services   | 5,643               | -                       | -  | -                                      | (5,643)  |
| <b>Total Governmental Activities</b>                         | <b>\$ 4,500,825</b> | <b>\$ -</b>             | <b>\$ 175,000</b>                        | <b>\$ -</b>                            | <b>\$ (4,325,825)</b>                                    |
| GENERAL REVENUES:  |                     |                         |  |  |  |
| Grants and contributions not restricted to specific programs |                     |                         |  |  | 2,855,637  |
| Other miscellaneous state revenues                           |                     |                         |  |  | 1,400,000  |
| Revenues from state sources                                  |                     |                         |  |  | 380,411  |
| Other revenue  |                     |                         |  |  | 7,225  |
| Total general revenues                                       |                     |                         |  |  | 4,643,273  |
| Change in Net Position                                       |                     |                         |  |  | 317,448  |
| NET POSITION - BEGINNING                                     |                     |                         |  |  | -  |
| NET POSITION - ENDING  |                     |                         |  |  | \$ 317,448   |

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

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a/ THE SEED SCHOOL OF MIAMI**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

|   |                   | 2015                 |                          |
|---|-------------------|----------------------|--------------------------|
|   | Governmental Fund | Special Revenue Fund | Total Governmental Funds |
| <b>ASSETS</b>                             |                   |                      |                          |
| Cash and cash equivalents                 | \$ 369,047        | \$ 5,688             | \$ 374,735               |
| Accounts receivables                      | 50,045            | -                    | 50,045                   |
| Prepaid expenses                          | 32,729            | -                    | 32,729                   |
| Deposit receivable and other assets       | 1,000             | -                    | 1,000                    |
| <b>TOTAL ASSETS</b>                       | <b>\$ 452,821</b> | <b>\$ 5,688</b>      | <b>\$ 458,509</b>        |
| <b>LIABILITIES AND FUND BALANCES</b>      |                   |                      |                          |
| <b>LIABILITIES</b>                        |                   |                      |                          |
| Accounts payable and accrued expenses     | \$ 60,252         | \$ -                 | \$ 60,252                |
| Due to The SEED Foundation                | 113,361           | -                    | 113,361                  |
| <b>TOTAL LIABILITIES</b>                  | <b>173,613</b>    | <b>-</b>             | <b>173,613</b>           |
| <b>FUND BALANCE</b>                       |                   |                      |                          |
| Nonspendable                              |                   |                      |                          |
| Deposit receivable and other assets       | 33,729            | -                    | 33,729                   |
| Restricted                                | 250,000           | 5,688                | 255,688                  |
| Unassigned                                | (4,521)           | -                    | (4,521)                  |
| <b>TOTAL FUND BALANCE</b>                 | <b>279,208</b>    | <b>\$ 5,688</b>      | <b>\$ 284,896</b>        |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <b>\$ 452,821</b> | <b>\$ 5,688</b>      | <b>\$ 458,509</b>        |

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

**THE MIAMI BOARDING SCHOOL, INC.**

**d/b/a/ THE SEED SCHOOL OF MIAMI**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

---

Total Fund Balance - Governmental Funds \$ 284,896

Amounts reported for governmental activities in the statement of net assets are the same. There are no reconciling items.

Capital assets of \$100,835, net of accumulated depreciation of \$14,126 used in governmental activities are not financial resources and therefore are not reported in the fund.

86,709

Long-term liabilities of \$54,157 are not due and payable in the current period and therefore, are not reported in the funds.

(54,157)

Total Net Position - Governmental Activities

\$ 317,448

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

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a/ THE SEED SCHOOL OF MIAMI**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

|                                       | 2015                |                         |                                |
|---------------------------------------|---------------------|-------------------------|--------------------------------|
|                                       | General<br>Fund     | Special Revenue<br>Fund | Total<br>Governmental<br>Funds |
| <b>REVENUES</b>                       |                     |                         |                                |
| Revenue from state sources            | \$ 380,411          | \$ -                    | \$ 380,411                     |
| Contributions and other grants        | 2,855,637           | -                       | 2,855,637                      |
| Other miscellaneous state revenues    | 1,400,000           | -                       | 1,400,000                      |
| Federal through state and local       | -                   | 175,000                 | 175,000                        |
| Other income                          | 7,225               | -                       | 7,225                          |
| <b>TOTAL REVENUES</b>                 | <b>\$ 4,643,273</b> | <b>\$ 175,000</b>       | <b>\$ 4,818,273</b>            |
| <b>EXPENDITURES</b>                   |                     |                         |                                |
| Current:                              |                     |                         |                                |
| Instruction                           | \$ 738,893          | \$ 18,159               | \$ 757,052                     |
| Instructional support services        | 747,683             | -                       | 747,683                        |
| Instructional staff training services | 10,491              | 38,152                  | 48,643                         |
| Instructional related technology      | 5,980               | 4,020                   | 10,000                         |
| School administration                 | 1,720,859           | 8,290                   | 1,729,149                      |
| Fiscal services                       | 18,319              | -                       | 18,319                         |
| Food services                         | 227,583             | -                       | 227,583                        |
| Pupil transportation services         | 59,450              | -                       | 59,450                         |
| Operation of plant                    | 705,840             | 100,691                 | 806,531                        |
| Administrative technology services    | 21,517              | -                       | 21,517                         |
| Community services                    | 5,643               | -                       | 5,643                          |
| Maintenance of plant                  | 53,330              | -                       | 53,330                         |
| Capital Outlay:                       |                     |                         |                                |
| Other capital outlay                  | 100,835             | -                       | 100,835                        |
| Debt Service:                         |                     |                         |                                |
| Redemption of principal               | 5,917               | -                       | 5,917                          |
| Interest                              | 1,799               | -                       | 1,799                          |
| <b>TOTAL EXPENDITURES</b>             | <b>\$ 4,424,139</b> | <b>\$ 169,312</b>       | <b>\$ 4,593,451</b>            |
| Excess of revenues over expenditures  | 219,134             | 5,688                   | 224,822                        |
| <b>OTHER FINANCING SOURCES</b>        |                     |                         |                                |
| Proceeds from long-term financing     | 60,074              | -                       | 60,074                         |
| Total other financing sources         | 60,074              | -                       | 60,074                         |
| Net change in fund balance            | 279,208             | 5,688                   | 284,896                        |
| Fund balance at beginning of year     | -                   | -                       | -                              |
| Fund balance at end of year           | <u>\$ 279,208</u>   | <u>\$ 5,688</u>         | <u>\$ 284,896</u>              |

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

**THE MIAMI BOARDING SCHOOL, INC.**

**d/b/a/ THE SEED SCHOOL OF MIAMI**

**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, 2015**

---

|   |    |         |
|---|----|---------|
| Change in Fund Balance - Governmental Funds | \$ | 284,896 |
|---|----|---------|

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. This is the amount by which capital outlays of \$100,835 exceeded depreciation of \$14,126.

86,709

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds of \$60,024 exceeded repayments of \$5,917 in the current period.

(54,157)

|   |
|---|
| Change in Net Position of Governmental Activities |
|---|

|    |         |
|----|---------|
| \$ | 317,448 |
|----|---------|

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

**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

The Miami Boarding School, Inc. d/b/a The Seed School of Miami, (the “School”) a component unit of the School Board of Miami-Dade County, Florida, 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 eleven members.

The SEED School of Miami is a college-preparatory, public boarding charter school for South Florida students. The School’s mission is to provide an outstanding educational program that empowers students to be successful, both academically and socially, in college and beyond. The School is the first of its kind in Florida and the third in the country, serving as a model for additional SEED schools. It was opened and is supported by The SEED Foundation (the “Foundation”), a non-profit that opened two similar schools in Washington D.C. and Maryland.

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 “School Board”). The current charter is effective until June 30, 2021. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School 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 for up to an additional 5 years by mutual agreement.

These financial statements are for the year ended June 30, 2015, the School’s first operating school year, when 61 students were enrolled in the 6<sup>th</sup> grade.

**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.

**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.

**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

---

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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:

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.

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 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.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accounts receivable

Accounts receivable consists of amounts due from contributions and donations.

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 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 \$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 Years |
| Motor vehicles          | 5 Years |

Compensated Absences

The School grants a specific number of sick/personal days for all full-time 10 month and 12 month employees. Full-time 10 month and 12 month employees are eligible for a total of 7 sick days during a benefit year. Any unused sick days will be forfeited at the end of the benefit year. There is no termination payment for unused sick days. Full-time 10 month and 12 month employees are eligible for a total of 3 personal days during a benefit year. In the event that available personal time is not used by 10 month employees, they would be able to "cash out" the at the current coverage rate at the end of his or her agreement. Full-time 12 month employees are not able to "cash out" personal time. There is no termination payment for unused personal time.

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, 2015, was \$32,552.
- 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, 2015 was \$255,688.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE 2 - SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 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:

- 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, 2015, the School had \$33,729 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, 2015, the School had \$255,688 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, 2015, 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, 2015, 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, and 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, 2015, there are no minimum fund balance requirements for any of the School's funds.

Revenue Sources

Revenues for operations will be received primarily from 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 or as restricted until used. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes

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

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 1, 2015, which is the date the financial statements were available to be issued.

**NOTE 3 – CAPITAL ASSETS**

The following schedule provides a summary of changes in capital assets, acquired partly with public funds, for the year ended June 30, 2015:

|                                | Balance<br>7/1/2014 | Additions          | Deletions   | Balance<br>6/30/2015 |
|--------------------------------|---------------------|--------------------|-------------|----------------------|
| Capital Assets                 |                     |                    |             |                      |
| Furniture & equipment          | \$ -                | \$ 18,541          | \$ -        | \$ 18,541            |
| Motor vehicles                 | -                   | 82,294             | -           | 82,294               |
| Total Capital Assets           | <u>\$ -</u>         | <u>\$ 100,835</u>  | <u>\$ -</u> | <u>\$ 100,835</u>    |
| Less Accumulated Depreciation  |                     |                    |             |                      |
| Furniture & equipment          | -                   | (3,905)            | -           | (3,905)              |
| Motor vehicles                 | -                   | (10,221)           | -           | (10,221)             |
| Total Accumulated Depreciation | <u>\$ -</u>         | <u>\$ (14,126)</u> | <u>\$ -</u> | <u>\$ (14,126)</u>   |
| Capital Assets, net            | <u>\$ -</u>         | <u>\$ 86,709</u>   | <u>\$ -</u> | <u>\$ 86,709</u>     |

Depreciation expense for the year ended June 30, 2015, was \$14,126 and is included in operation of plant.

**NOTE 4 – LOAN PAYABLES**

The School purchased three vans during the year mainly through financing. The loan payables bear interest at 5.99% and are due in monthly payments of principal and interest totaling \$1,165 and mature at various dates through May 2020. The vans are collateral on the loans. The following schedule provides a summary of changes in loan payables for the year ended June 30, 2015:

|               | Balance<br>7/1/2014 | Additions        | Repayments        | Balance<br>6/30/2015 |
|---------------|---------------------|------------------|-------------------|----------------------|
| Loan payables | <u>\$ -</u>         | <u>\$ 60,074</u> | <u>\$ (5,917)</u> | <u>\$ 54,157</u>     |

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE 4 – LOAN PAYABLES (Continued)**

Estimated future minimum loan payments under all loans are as follows:

| <u>Year Ended June 30</u> |                  |
|---------------------------|------------------|
| 2016                      | \$ 10,980        |
| 2017                      | 11,656           |
| 2018                      | 12,374           |
| 2019                      | 13,136           |
| 2020                      | 6,011            |
| Total                     | <u>\$ 54,157</u> |

**NOTE 5 – DUE TO THE SEED FOUNDATION**

The School was opened and is supported by the Foundation, a non-profit that opened two similar schools in Washington D.C. and Maryland. The Foundation pays for certain expenses such as certain salaries, benefits, insurance, professional fees and other expenses. In addition, the School received certain contributions on behalf of the School, which were used as reimbursement for the above costs. Finally, the School was charged a management fee by the Foundation for its services (See Notes 6 and 7). Below is a summary of changes in the Due to The SEED Foundation for the year ended June 30, 2015:

|                            | <u>Balance<br/>7/1/2014</u> | <u>Additions</u>    | <u>Reductions</u>     | <u>Balance<br/>6/30/2015</u> |
|----------------------------|-----------------------------|---------------------|-----------------------|------------------------------|
| Due to The SEED Foundation | <u>\$ -</u>                 | <u>\$ 2,290,989</u> | <u>\$ (2,177,628)</u> | <u>\$ 113,361</u>            |

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

The School entered into an Academic and Management agreement on February 1, 2014 with the Foundation. In accordance with the agreement, the Foundation will provide amongst other things curriculum development, staffing, guidance in finding adequate facilities or completion of construction and renovations, if any, preparation of annual budgets and monthly financial statements, human resource, information technology, and student recruitment. For the services included in the agreement, the School agrees to pay a management fee equal to 5% of the School's annual approved expense budget. For the year ended June 30, 2015, the School was charged management fees of \$213,361. The initial term of this agreement is for five years from the effective date. It can be renewed for an additional five years following the initial term if approved by each party.

The Foundation entered into a lease agreement known as the Master Lease with Florida Memorial University (FMU) located in Miami Gardens, Florida in May 2014. Following the Master lease, the School entered into a sub-lease agreement with the Foundation for the same premises known as the Sub-Lease. The term of the Sub-Lease commenced on July 1, 2014 and shall end on June 30, 2016, or the date upon which the Sub-Lease term may sooner expire or be terminated pursuant to the terms, covenants or conditions of the Sub-Lease. The School agrees to pay an annual base rent of \$433,680 or \$36,140 on a monthly basis in advance on the first day of each calendar month. The School will also pay all additional rent, building security, custodial service costs and meal plans payable under the Master Lease and this Sub-Lease. In addition, the School paid a one-time payment for \$200,000 as additional rent for the year ended June 30, 2015.

**THE MIAMI BOARDING SCHOOL, INC.**  
**d/b/a THE SEED SCHOOL OF MIAMI**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)**

The SEED School of Miami Foundation, LLC. (the “LLC”) entered into a lease agreement on behalf of the School on February 2015 for the lease of school facilities located in Miami Gardens, Florida. The first payment will commence on July 1, 2015, and requires monthly lease payments of \$26,841 for the year ended June 30, 2016 and payments of \$24,451 from July 1, 2016 through August 31, 2017. The term of this agreement ends August 31, 2017, however, the agreement may be terminated by the School at any time on or after September 1, 2016 upon written notice.

The School has entered into several other non-cancelable leases for office equipment. These leases began in April 2014 and expire at various times through April 2020.

Estimated future minimum lease payments under all leases are as follows:

| <u>Year Ended June 30</u> |                     |
|---------------------------|---------------------|
| 2016                      | \$ 837,306          |
| 2017                      | 318,782             |
| 2018                      | 63,119              |
| 2019                      | 10,500              |
| 2020                      | 8,750               |
| Total                     | <u>\$ 1,238,457</u> |

**NOTE 7 – RELATED PARTIES**

The School is supported and managed by the Foundation (See Notes 5 and 6). During the year ended June 30, 2015, the Foundation provided revenue support of \$2,196,137, and is included in contributions and other grants on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance. The School incurred \$213,361 in management fees for the year ended June 30, 2015, and at the end of the fiscal year owed the Foundation \$113,361.

The SEED School of Miami Foundation, LLC (the “LLC”) is a limited liability company for the purpose of serving educational and charitable purposes. The LLC qualifies as a disregarded entity within Section 501(c)(3) of the Internal Revenue Code by virtue of its relationship with its single member The SEED Foundation, Inc. During the year ended June 30, 2015, the School paid certain costs including fundraising costs of \$60,488. These amounts were all reimbursed by the LLC.

**NOTE 8 – DEPOSITS POLICY AND CREDIT RISK**

It is the School’s policy to maintain its cash and cash equivalents in major banks and in high grade investments.

As of June 30, 2015, the carrying amount of the School’s operating cash deposit accounts was \$374,735 and the bank balance totaled \$522,235. At various times, balances held in financial institutions may exceed the Federal Depository Insurance Corporation (FDIC) limit.

**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**NOTE 9 – RETIREMENT PLAN**

The School started a 403(B) Retirement Plan (the “Plan”) during the year ended June 30, 2015. Employees of the School are eligible to join the Plan once employed by the School on the first day of the following month hired. The School, at its discretion, may elect to match part of employee contributions based on salary deferrals and pay as of the end of the pay period. Employer contributions can change annually, however, all contributions made by employees and by the School are 100% vested at the time of contribution. The School contributed \$50,004, or 3% of employee contributions for the year ended June 30, 2015.

**NOTE 10 – 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 11 – 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

**THE MIAMI BOARDING SCHOOL, INC.**

**d/b/a/ THE SEED SCHOOL OF MIAMI**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**

**GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2015**

|   | General Fund        |                     |                     |
|---|---------------------|---------------------|---------------------|
|   | Original Budget     | Final Budget        | Actual              |
| <b>REVENUES</b>                                       |                     |                     |                     |
| Revenue from state sources                            | \$ 338,160          | \$ 338,160          | \$ 380,411          |
| Contributions and other grants                        | 2,625,000           | 2,625,000           | 2,855,637           |
| Other miscellaneous state revenues                    | 1,400,000           | 1,400,000           | 1,400,000           |
| Other income  | -                   | -                   | 7,225               |
| <b>TOTAL REVENUES</b>                                 | <b>\$ 4,363,160</b> | <b>\$ 4,363,160</b> | <b>\$ 4,643,273</b> |
| <b>EXPENDITURES</b>                                   |                     |                     |                     |
| Instruction   | \$ 826,273          | \$ 826,273          | \$ 738,893          |
| Instructional support services                        | 734,316             | 734,316             | 747,683             |
| Instructional media services                          | -                   | -                   | -                   |
| Instructional staff training services                 | 23,782              | 23,782              | 10,491              |
| Instructional related technology                      | 6,470               | 6,470               | 5,980               |
| School administration                                 | 1,643,570           | 1,643,570           | 1,720,859           |
| Fiscal services                                       | -                   | -                   | 18,319              |
| Food services   | 220,000             | 220,000             | 227,583             |
| Pupil transportation services                         | 100,000             | 100,000             | 59,450              |
| Operation of plant                                    | 718,549             | 718,549             | 705,840             |
| Administrative technology services                    | 15,000              | 15,000              | 21,517              |
| Community services                                    | 2,000               | 2,000               | 5,643               |
| Maintenance of plant                                  | 40,000              | 40,000              | 53,330              |
| Debt service  | -                   | -                   | 7,716               |
| Other capital outlay                                  | -                   | -                   | 100,835             |
| <b>TOTAL EXPENDITURES</b>                             | <b>\$ 4,329,960</b> | <b>\$ 4,329,960</b> | <b>\$ 4,424,139</b> |
| Change in fund balance before other financing sources | 33,200              | 33,200              | 219,134             |
| Other financing sources                               | -                   | -                   | 60,074              |
| Net change in fund balance                            | <u>\$ 33,200</u>    | <u>\$ 33,200</u>    | <u>\$ 279,208</u>   |

See accompanying note to the required supplemental information.

**THE MIAMI BOARDING SCHOOL, INC.****d/b/a/ THE SEED SCHOOL OF MIAMI****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -****SPECIAL REVENUE FUND****FOR THE YEAR ENDED JUNE 30, 2015**

|                                       | Special Revenue Fund |                   |                   |
|---------------------------------------|----------------------|-------------------|-------------------|
|                                       | Original Budget      | Final Budget      | Actual            |
| REVENUES                              |                      |                   |                   |
| Federal through state and local       | \$ 175,000           | \$ 175,000        | \$ 175,000        |
| TOTAL REVENUES                        | <u>\$ 175,000</u>    | <u>\$ 175,000</u> | <u>\$ 175,000</u> |
| EXPENDITURES                          |                      |                   |                   |
| Instruction                           | \$ 25,046            | \$ 18,153         | \$ 18,159         |
| Instructional staff training services | 39,718               | 44,918            | 38,152            |
| Instructional related technology      | 1,030                | 5,050             | 4,020             |
| School administration                 | 9,080                | 9,080             | 8,290             |
| Operation of plant                    | 100,126              | 97,799            | 100,691           |
| TOTAL EXPENDITURES                    | <u>\$ 175,000</u>    | <u>\$ 175,000</u> | <u>\$ 169,312</u> |
| Net change in fund balance            | <u>\$ -</u>          | <u>\$ -</u>       | <u>\$ 5,688</u>   |

See accompanying note to the required supplemental information.

**THE MIAMI BOARDING SCHOOL, INC.  
d/b/a THE SEED SCHOOL OF MIAMI  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

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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, 2015, 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, capital project, and special revenue 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 AUDITORS' 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  
The Miami Boarding School, Inc.  
d/b/a The Seed School of Miami  
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of The Miami Boarding School, Inc. d/b/a The Seed School of Miami (the "School"), as of and for the year ended June 30, 2015, 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 1, 2015.

### 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.

A handwritten signature in blue ink, reading "Veedy-DeArman Touyelle".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 1, 2015



## MANAGEMENT LETTER

Board of Directors of  
The Miami Boarding School, Inc.  
d/b/a The Seed School of Miami  
Miami, Florida

### Report on the Financial Statements

We have audited the financial statements of The Miami Boarding School, Inc. d/b/a The Seed School of Miami (the "School"), a non-major component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated September 1, 2015.

### 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 Reports and Schedules

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 1, 2015, 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. The official title of the entity is The Miami Boarding School, Inc. d/b/a The Seed School of Miami.

### Financial Condition

Sections 10.854(1)(e)2., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of 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.

**Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report 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.

**Other Matters**

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address 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, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 1, 2015