HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Miami Arts, Inc.

(A charter school)

W/L 7059

Miami, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2021

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Miami Arts, Inc.
(A charter school)
W/L# 7059

Wynwood Campus
Administrative offices
95 NW 23rd Street
Miami, FL 33127

2020-2021

BOARD OF DIRECTORS

Dr. Raymond Kimsey, DDS, Board Chair
Jennifer Kenney, Director
Pablo Canals, Director

SCHOOL ADMINISTRATION

Alfredo de la Rosa, Founder, Chief Education Administrator
Christine de la Rosa, Co-Founder, Director of Education
Carolina Torres, Director of Curriculum and Student Services

HLB GRAVIER, LLP
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Miami Arts, Inc.
Miami, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Miami Arts, Inc. (the "School"), as of, and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprises 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 of America. 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 controls 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 controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Arts, Inc. as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021, 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, 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 the 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 30 through 32 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2021

Management's Discussion and Analysis
Miami Arts, Inc.
June 30, 2021

The corporate officers of Miami Arts, Inc. have prepared this narrative overview and analysis of the school's financial activities for the fiscal year ended June 30, 2021.

Financial Highlights

1. The net position of the School at June 30, 2021 was a deficit of $643,412.
2. At year-end, the School had current assets on hand of $6,230,345.
3. The School had an increase in net position of $1,314,807 for the year ended June 30, 2021.
4. The unassigned fund balance at year end was $986,744.

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, 2021 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four 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 when the underlying event 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 years.

The government-wide financial statements can be found on pages 9 - 10 of this report.

Fund Financial Statements

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements

Governmental Funds

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government 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. The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 11 – 15 of this report.

Fiduciary Fund

The agency fund statement provides information about the financial relationship in which the School acts solely as an agency for the benefit of other such as student activities. The School is responsible for ensuring that assets are used only for the intended purposes. The School excludes these activities from the Statement of Net Position because it cannot use these funds to finance its operations. The agency fund statement can be found on page 15 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 16 - 29 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, net position was a deficit of $643,412 at the close of the fiscal year. A summary of the School's net position as of June 30, 2021 and 2020 is as follows:

	2021	2020
Current and other assets	$ 6,230,345	$ 5,244,013
Capital Assets, net	25,550,668	26,202,263
Total Assets	31,781,013	31,446,276
Deferred Outflows	-	-
Current liabilities	1,008,253	900,097
Long term debt	31,416,172	32,504,398
Total Liabilities	32,424,425	33,404,495
Deferred Inflows	-	-
Net Position:		
Net investment in capital assets	-	-
Restricted by bond and PPP	3,914,220	4,062,503
Unrestricted (deficit)	(4,557,632)	(6,020,722)
Total Net Position	$ (643,412)	$ (1,958,219)

At the end of both years, the School reported negative balances in total net position

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

	2021	2020
REVENUES		
Program Revenues		
Capital outlay funding	$ 877,283	$ 851,040
Operating grants and contributions	326,530	-
General Revenues		
FTE and other nonspecific revenues	7,484,142	7,285,650
Other revenues	1,293,400	786,276
Total Revenues	9,981,355	8,922,966
EXPENSES		
Instruction and instructional related services	3,236,413	3,094,954
Instructional related technology	121,447	140,186
Pupil personnel services	328,390	301,644
Board	92,755	53,096
General administration	86,945	82,206
School administration	946,224	789,869
Fiscal services	220,555	198,153
Food services	4,230	6,500
Central services	190,713	171,010
Pupil transportation services	-	2,169
Operation of plant	595,974	897,715
Maintenance of plant	141,046	175,147
Unallocated depreciation	716,682	796,640
Interest	1,985,174	1,986,427
Total Expenses	8,666,548	8,695,716
Increase (decrease) in Net Position	1,314,807	227,250
Net Position at Beginning of Year	(1,958,219)	(2,185,469)
Net Position at End of Year	$ (643,412)	$ (1,958,219)

The School's revenue increased by $1,058,389 in the current year and expenses decreased by $29,168 as a result of a decrease in student enrollment of approximately 10 students. The School had an increase in its net position of $ 1,314,807 for the year, impacted by PPP loan forgiveness of $1,124,355.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Capital Improvement Requirements

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

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, the *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.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of $1,089,691. The fund balance unassigned and available for spending at the School's discretion is $986,744.

The Debt Service Fund was created to account for resources accumulated and payments made for the principal and interest on long term debt of the School. At the end of the current fiscal year, the fund balance totaled $2,489,154, all of which was restricted to debt service.

The Capital Projects Fund accounts for the resources restricted for the acquisition and construction of the Miami Campus from bond proceeds. At the end of the current fiscal year, fund balance totaled $502,342, all of which is restricted for capital projects.

Special Revenue Fund accounts for specific revenue, such as federal programs and grants that are legally restricted to expenditures for particular purposes. At the end of the current fiscal year, fund balance totaled $836,685, all of which is restricted for payroll and certain costs allowed under the paycheck protection program.

Capital Assets

The School's investment in capital assets as of June 30, 2021 amounts to $25,550,668 (net of accumulated depreciation). This investment in capital assets includes building and improvements, furniture, fixtures and computer equipment. As of June 30, 2021, the School had long term debt totaling $30,579,487 relating to capital assets.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to the School's administrative offices at Miami Arts, Inc., 95 NW 23rd Street, Miami, Florida 33127.

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for total governmental funds (general fund, debt service fund, special revenue fund and capital projects funds) to demonstrate compliance with the School's budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
State capital outlay funding	$ 540,000	$ 540,000	$ 877,283
State passed through local	7,725,193	7,725,193	7,484,142
Federal sources	-	-	22,310
Other revenue	31,200	31,200	169,045
	8,296,393	8,296,393	8,552,780
CURRENT EXPENDITURES			
Instruction	3,070,628	3,070,628	3,236,413
Instructional related technology	110,888	110,888	121,447
Pupil personnel services	327,271	327,271	328,390
Board	49,725	49,725	92,755
General administration	86,200	86,200	86,945
School administration	842,551	842,551	946,224
Fiscal services	196,352	196,352	220,555
Food services	6,500	6,500	4,230
Central services	192,959	192,959	190,713
Pupil transportation services	2,000	2,000	-
Operation of plant	483,249	483,249	595,974
Maintenance of plant	119,059	119,059	141,046
	$ 5,487,382	$ 5,487,382	$ 5,964,692

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year.

Miami Arts, Inc.
(A charter school)
Statement of Net Position
June 30, 2021

	Primary Government
	Governmental Activities
Assets	
Current assets:	
Cash	$ 1,841,206
Restricted assets:	
Funds held by trustee in short term investments	3,077,535
Paycheck protection funds	836,685
Due from other agencies	371,972
Prepaid expenses	79,049
Deposits receivable	23,898
Total current assets	6,230,345
Capital assets, not being depreciated	
Land	6,746,070
Capital assets, depreciable	
Building and fixed equipment	21,097,370
Leasehold improvements	465,828
Furniture, fixtures and equipment	1,045,259
Computers, software and internet technologies	252,660
Computer equipment under capital lease	435,064
Less: accumulated depreciation	(4,491,583)
	25,550,668
Total Assets	31,781,013
Deferred Outflows of Resources	-
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	905,414
Deferred revenues	16,800
Accrued interest	86,039
Total current liabilities	1,008,253
Long-term debt:	
CARES Act-Paycheck Protection Program	836,685
Revenue bond payable within one year	700,000
Revenue bond payable in more than one year	29,873,018
Capital lease payable within one year	6,469
Total Liabilities	32,424,425
Deferred Inflows of Resources	-
Net position	
Net investment in capital assets	-
Restricted by bonds and Paycheck Protection Program	3,914,220
Unrestricted (deficit)	(4,557,632)
Total Net Position	$ (643,412)

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

Miami Arts, Inc.
(A charter school)
Statement of Activities
For the year ended June 30, 2021

Primary Government	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Instruction	$ 3,236,413	$ -	$ 326,530	$ -	$ (2,909,883)
Instructional related technology	121,447	-	-	-	(121,447)
Pupil personnel services	328,390	-	-	-	(328,390)
Board	92,755	-	-	-	(92,755)
General administration	86,945	-	-	-	(86,945)
School administration	946,224	-	-	-	(946,224)
Fiscal services	220,555	-	-	-	(220,555)
Food services	4,230	-	-	-	(4,230)
Central services	190,713	-	-	-	(190,713)
Operation of plant	595,974	-	-	877,283	281,309
Maintenance of plant	141,046	-	-	-	(141,046)
Interest	1,985,174	-	-	-	(1,985,174)
Unallocated depreciation	716,682	-	-	-	(716,682)
Total governmental activities	8,666,548	-	326,530	877,283	(7,462,735)

General revenues:	
FTE and other nonspecific revenues	7,484,142
Other revenue	1,293,400
Change in net position	1,314,807
Net position, beginning	(1,958,219)
Net position, ending	$ (643,412)

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

Miami Arts, Inc.
(A charter school)
Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Debt Service Fund	Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 1,841,206	$ -	$ -	$ -	$ 1,841,206
Restricted cash:					
Funds restricted by bond and PPP	-	2,575,193	836,685	502,342	3,914,220
Due from other agencies	-	-	22,310	45,442	67,752
Prepaid expenses	79,049	-	-	-	79,049
Deposits receivable	23,898	-	-	-	23,898
Due to / from funds	67,752	-	-	-	67,752
Total Assets	2,011,905	2,575,193	858,995	547,784	5,993,877
Deferred Outflows of Resources	-	-	-	-	-
Liabilities					
Accounts payable and accrued expenses	905,414	-	-	-	905,414
Deferred revenues	16,800	-	-	-	16,800
Accrued interest	-	86,039	-	-	86,039
Due to / from funds	-	-	22,310	45,442	67,752
Total Liabilities	922,214	86,039	22,310	45,442	1,076,005
Deferred Inflows of Resources	-	-	-	-	-
Fund balance					
Nonspendable, not in spendable form	102,947	-	-	-	102,947
Restricted by Bonds and PPP	-	2,489,154	836,685	502,342	3,828,181
Unassigned	986,744	-	-	-	986,744
	1,089,691	2,489,154	836,685	502,342	4,917,872
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 2,011,905	$ 2,575,193	$ 858,995	$ 547,784	$ 5,993,877

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

Miami Arts, Inc.
(A charter school)
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds	$ 4,917,872
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of $30,042,251 net of accumulated depreciation of $4,491,583 used in governmental activities are not financial resources and therefore are not reported in the fund.	25,550,668
Receivables in governmental activities that are not collected within 60 days are not current financial resources and therefore are not reported in the governmental funds.	304,220
Long term liabilities which are not due and payable in the current period and, therefore, is not reported in the governmental funds.	(31,416,172)
Total Net Position - Governmental Activities	$ (643,412)

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

Miami Arts, Inc.
(A charter school)
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds
For the year ended June 30, 2021

	General Fund	Debt Service Fund	Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
State capital outlay funding	$ -	$ -	$ -	$ 877,283	$ 877,283
State passed through local	7,484,142	-	-	-	7,484,142
Federal sources	-	-	22,310	-	22,310
Other revenue	166,730	2,315	-	-	169,045
Total Revenues	7,650,872	2,315	22,310	877,283	8,552,780
Expenditures:					
Current					
Instruction	2,927,328	-	309,085	-	3,236,413
Instructional related technology	121,447	-	-	-	121,447
Pupil personnel services	328,390	-	-	-	328,390
Board	92,755	-	-	-	92,755
General administration	86,945	-	-	-	86,945
School administration	946,224	-	-	-	946,224
Fiscal services	220,555	-	-	-	220,555
Food services	4,230	-	-	-	4,230
Central services	190,713	-	-	-	190,713
Operation of plant	595,974	-	-	-	595,974
Maintenance of plant	141,046	-	-	-	141,046
Capital Outlay:					
Other capital outlay	-	-	17,445	47,642	65,087
Debt Service:					
Repayment of principal	150,000	650,000	-	-	800,000
Amortization of bond premium	-	-	-	-	-
Interest	-	1,945,739	-	2,010	1,947,749
Total Expenditures	5,805,607	2,595,739	326,530	49,652	8,777,528
Excess (Defecit) of revenues over expenditur	1,845,265	(2,593,424)	(304,220)	827,631	(224,748)
Other financing sources (use):					
Proceed from PPP	-	-	836,685	-	836,685
Repayment of capital lease obligations	-	-	-	(37,981)	(37,981)
Transfers in and (out)	(1,123,026)	2,634,073	(820,135)	(690,912)	-
Net change in fund balance	722,239	40,649	(287,670)	98,738	573,956
Fund Balance at beginning of year	367,452	2,448,505	1,124,355	403,604	4,343,916
Fund Balance at end of year	$ 1,089,691	$ 2,489,154	$ 836,685	$ 502,342	$ 4,917,872

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

Miami Arts, Inc.
(A charter school)
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2021

Net Change in Fund Balance - Governmental Funds	$ 573,956
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 $65,087 differed from depreciation expense of $716,682.	(651,595)
Forgiveness of debt increases revenue in the statement of activities but is not a current financial resoure to the government funds.	1,124,355
The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds of $836,685, including lease obligations differed from net repayments of $800,556 in the current period.	(36,129)
Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds. These revenues did not meet the recognition criteria during the current year and, therefore, were not reported in the governmental	304,220
Change in Net Position of Governmental Activities	$ 1,314,807

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

Miami Arts, Inc.
(A charter school)
Statement of Net Position - Fiduciary Funds
June 30, 2021

	Agency Funds Schools Internal Fund
Assets	
Cash	$ 118,132
Accounts receivable	457
Total Assets	118,589
Deferred Outflows of Resources	-
Liabilities	
Due to students and clubs	118,589
Total Liabilities	118,589
Deferred Inflows of Resources	-
Net Position	$ -

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

Note 1 – Summary of Significant Accounting Policies

Organization

Miami Arts, Inc. (the "School"), is a not-for-profit corporation organized pursuant to Chapter 617, and Section 1002.33, Florida Statutes. The governing body of the School is the board of directors of the not-for-profit corporation, which is composed of three members. The School is funded by and operates under a charter granted by the sponsoring district, the District School Board of Miami Dade County (the "District"). The current charter expires on June 30, 2024 and is renewable by mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School's campus and administrative offices are located in Miami, Florida for students from grades six to twelve. These financial statements are for the year ended June 30, 2021, when 1,110 students were enrolled for the school year.

Basis of presentation and Reporting Entity

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government wide and fund financial statements.

Miami Arts Wynwood, LLC ("Wynwood") was organized under the laws of the State of Florida, the sole member of which is the School. Wynwood is a legally separate entity established for the sole purpose of serving as the lessor to the School pursuant to the Series 2014A and 2014B Bond issue (See Note 5 – Long Term Debt). Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by Statement No. 61, when a government owns a majority of the voting stock of a for-profit corporation, the government's intent for owning the stock should determine whether the corporation is presented as a component unit or an investment of the primary government. The sole intent of Wynwood was to acquire the site and new facilities and lease the facilities to the School and therefore, it is included as a blended component unit of the School. Wynwood includes the Debt Service Fund and the Capital Projects Fund. Separate financial statements are not required or reported for Wynwood.

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 all non-fiduciary activities of the School and its component units. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

Note 1 – Summary of Significant Accounting Policies (continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other miscellaneous sources.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Fund Financial Statements

Fund financial statements are provided for governmental funds and fiduciary funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The school reports the following major governmental funds with all other non-major funds aggregated in a single column.

General Fund - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

Debt Service Fund - accounts for the resources accumulated and payments made for principal and interest on long-term debt of the School.

Special Revenue Fund – accounts for specific revenue, such as federal programs and grants that are legally restricted to expenditures for particular purposes.

Note 1 – Summary of Significant Accounting Policies (continued)

Additionally, the school reports separately the following fiduciary fund types

> *Custodial Fund* – The School has adopted Governmental Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activity*. Accordingly, the School's internal fund accounts are used to administer monies collected at the school in connection with school, student activities, class, and club activities.

Measurement Focus and Basis of Accounting

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 Guidance*.

The government-wide statements report uses the economic resources measurement focus and the full 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.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, 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 liabilities of the current period. The School considers revenues to be available if they are collected within 60 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. Charges for services and fees are recognized when cash is collected as amounts are not measurable. 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. Agency fund assets and liabilities are accounted for on the accrual basis of accounting. The Fiduciary Funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting
In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Inter-fund Transfers
Outstanding balances between funds are reported as "due to/from" other funds. Inter-fund transfers are made to move funds from the General Fund to the Debt Service and Capital Projects Fund in order to fund scheduled debt service and capital projects expenditures.

Cash, cash equivalents and investments
All deposits are held in major banks and high grade investments. The School has not adopted a formal investment policy. Cash and cash equivalents include all highly liquid investments with a maturity of three months or less. (See Note 2.)

Due from Other Governments or Agencies
Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Long –Term Debt
In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond payable is reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Capital Assets
The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost of $1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost 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:

Note 1 – Summary of Significant Accounting Policies (continued)

Leasehold improvements	4 Years
Furniture, Fixtures and Equipment	5-10 Years
Computer, Software, and Internet Technology	3-5 Years
Building	40 Years

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made. In addition, the school receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Finally, 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 expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences

The School grants a specific number of sick and personal days. In the event that available time is not used by the end of the benefit year, employees will not be able to "rollover" unused days for use in future years. There is no termination payment for accumulated unused sick days.

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

Income Taxes

The School qualifies as a tax-exempt organization under 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.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 14, 2021 which is the date the financial statements were available to be issued.

Assets Restricted by Bond

Restricted assets include short term investments that are related to amounts that the School is required to segregate in connection with the issuance of bonds, including sinking fund and reserve requirements, as well as amounts segregate for the construction of the School Miami Campus. The indenture of Trust requires the establishment of Funds for the bonds and accounts within such funds, all of which shall be special trust funds and accounts held by the Trustee. At June 30, 2021, composition of restricted account is as follows:

Debt Service Reserve	
Sinking Fund	$ 2,575,193
	$ 2,575,193

Capital Project Fund	
Project Fund-Series 2014B	$ 22,105
Reserve and Replenish Fund	480,237
	$ 502,342

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance Classifications

Government-wide financial statements
Equity is classified as net position and displayed in three (3) components:

a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for a specific purpose, the District's policy to use restricted resources first, until exhausted, before using unrestricted resources.

Fund financial statements
Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories and prepaid expenses.
b) 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. Restricted fund balance of the School relate to the bond issued and PPP.
c) 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. There are no committed fund balances at year end.
d) 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. There are no assigned fund balances at year end.
e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned. This is the residual classification for the School's general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Note 2 – Cash, Cash Equivalents and Investments

Deposits
Operating cash is held by banks qualified as public depositories under Florida law. All deposits are insured by Federal depository insurance and/or collateral with securities held in Florida's multiple financial institution collateral pool required by Sections 280.07 and 280.08, Florida Statutes. Any other cash deposits are held at FDIC-insured institutions.

Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer.

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

Note 3 –Capital Assets

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

	Balance 7/1/2020	Additions	Retirements	Balance 6/30/2021
Capital assets, not being depreciated				
Land	$ 6,746,070	$ -	$ -	$ 6,746,070
Capital assets, depreciable				
Building and fixed equipment	21,097,370	-	-	21,097,370
Leasehold improvements	440,922	24,906	-	465,828
Furniture, fixtures and equipment	1,019,399	25,859	-	1,045,258
Computers, software and technology	673,403	14,322	-	687,725
	29,977,164	65,087	-	30,042,251
Less Accumulated Depreciation	(3,774,901)	(716,682)	-	(4,491,583)
Capital Assets, net	$ 26,202,263	$ (651,595)	$ -	$ 25,550,668

Depreciation and amortization expense for the year ended June 30, 2021, amounted to $716,682.

Note 4 –Management Agreement – Related Party

The School entered into a management agreement with a charter management company, New Way Schools, Inc. ("NWS") to provide management and administrative services to the School. Currently, the School's Founder and Chief Education Administrator is an officer of NWS.

The agreement expired on June 30, 2019 and requires the School to pay, as compensation, a management fee of $420 per Full Time Equivalent (FTE) per annum. On October 16, 2014, the agreement was amended and changed the amount of compensation to the lesser of (i) $420 per FTE, or (ii) the amount allocated for payment to NWS in the annual budget payable monthly in arrears. In addition, the management fee is subordinated under the terms of the School lease, loan and bond agreements.

The School management fee for the year ended June 30, 2021 was zero.

Note 5 – Long Term Debt

Revenue Bond

Educational Facilities Revenue Bonds, Series 2014A and 2014B – The Florida Development Finance Corporation (the "issuer") issued Educational Facilities Revenue Bonds (Miami Arts Charter School Project), Series 2014A, in the aggregate principal amount of $30,000,000 (the "Series 2014A Bond"). Miami Arts, Inc. ("Miami Arts") issued Taxable Educational Facilities Revenue Bonds (Miami Arts Charter School Project) Series 2014B, in the aggregate principal amount of $4,710,000 (the "Series 2014B Bonds"). The bonds were used to (i) finance or refinance the costs of acquiring, constructing, and equipping certain charter school facilities (collectively, the "Facility") for the School located within Miami-Dade, Florida., the land on which the School will be located (the "Site"), and improvements thereto (collectively the "Project"), (ii) fund a debt service reserve account for the Series 2014 Bonds, (iii) fund capitalized interest with respect to the Series 2014A Bonds, and (iv) pay certain costs of issuance of the Series 2014 Bonds. The Series 2014A Bonds are subject to mandatory and optional redemption prior to maturity. The Series 2014B are subject to mandatory redemption prior to maturity.

Interest is payable semi-annually on June 15 and December 15. The bonds are secured by a mortgage interest on the project to the benefit of UMB Bank (the "Trustee") and assignment of payments (the "Pledge Revenues") to the Trustee pursuant to the Indenture of Trust dated October 1, 2014. These Bonds are subject to interest rates ranging from 5.000% to 7.750%.

The bonds contain restrictive covenants related to debt service coverage ratio, days cash on hands requirements, student enrollment and reporting requirements. However, The School's debt agreements contain various covenants, restrictions and financial test requirements. In the event an instance of default is not remedied, the maturity can be accelerated and/or the underlying collateral may be repossessed.

The issuer has no obligation for the debt beyond the resources provided by the facility.

The Bonds, were obtained to pay operating expenses of the School, to establish and maintain certain reserve funds described in the Indenture, to pay management fees under the Management Agreement, and to reimburse amounts previously paid for School purposes.

Note 5 – Long Term Debt (continued)

Revenue bond debt service requirements to maturity are as follows:

Series 2014A Bonds:

Year Ending June 30,	Principal	Interest
2022		$ 1,770,825
2023		$ 1,770,825
2024	$ 695,000	$ 1,762,200
2025	$ 735,000	$ 1,725,669
2026	$ 775,000	$ 1,683,903
2027-2031	$ 4,595,000	$ 7,699,784
2032-2036	$ 6,125,000	$ 6,168,822
2037-2041	$ 8,225,000	$ 4,070,700
2042-2044	$ 8,850,000	$ 1,101,300

Series 2014B Bonds:

Year Ending June 30,	Principal	Interest
2022	$ 700,000	$ 99,588
2023	$ 760,000	$ 44,175

The Bonds were issued at a discount which was deferred and is being amortized over the life of the bonds using the effective interest method. The Bonds payable are presented net of the applicable discount. Amortization of Bond discount during the year amounted to $37,525.

Note 5 – Long Term Debt (continued)

Long term debt activity for the year ended June 30, 2021 was as follows:

Governmental activities:	Beginning Balance	Advances/ (Payments)	Amortization	Ending Balance	Due within One Year
Educational Facilities Revenue Bonds, Series 2014A	$ 30,000,000	$ -	$ -	$ 30,000,000	$ -
Educational Facilities Revenue Bonds, Series 2014B	2,110,000	(650,000)	-	1,460,000	700,000
Bond Discount	(924,407)	-	37,425	(886,982)	-
PPP loan	1,124,355	(287,670)	-	836,685	-
Note payable-related parties	150,000	(150,000)	-	-	-
Total	$ 32,459,948	$ (1,087,670)	$ 37,425	$ 31,409,703	$ 700,000

Paycheck Protection Program Loan

In 2020 and 2021, the School was granted two loans from a financial institution. The first loan in the aggregate amount of $1,124,355, was issued pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted on March 27, 2020. The second loan in the aggregate amount of $836,685, was issued pursuant to the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues, which extended the Paycheck Protection Program to include a second round of funding.

The loans, which are in the form of promissory notes mature two and five years from the date funded and bear interest at a rate of 1.00% per annum, payable monthly commencing January 2021 and November 2022 with interest accruing during the initial deferral period. The Notes may be prepaid at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before certain dates. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The first loan totaling $1,124,355 was forgiven in September 2021. Accordingly, the liability has been reclassified as other revenues in these financial statements.

Note 5 – Long Term Debt (continued)

Future total debt service requirements related to the promissory note are as follows:

	Beginning Balance	Proceeds	Forgiveness	Ending Balance
Note Payable under PPP program	$ 1,124,355	$ 836,685	$ (1,124,355)	$ 836,685
Total	$ 1,124,355	$ 836,685	$ (1,124,355)	$ 836,685

Maturities on the note are as follows:

Year Ending June 30,	Principal	Interest
2022	-	-
2023	140,546	16,586
2024	229,688	6,007
2025	232,043	3,655
2026	234,407	1,291

Note 6 – Commitments, Contingencies and Concentrations

Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Note 7 - Capital Lease

The School leases certain machinery and equipment under agreements that are classified as capital leases. The cost of equipment under capital leases is included in the Balance Sheets as property, plant, and equipment and was $435,064 at June 30, 2021 and is fully depreciated. Amortization of assets under capital leases is included in depreciation expense.

The future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2021, are as follows:

	Amount
Total minimum lease payments	6,469
Less: Amount representing interest	-
Present value of minimum lease payments	6,469
Less: Current maturities of capital lease obligations	(6,469)
Long - term capital lease obligation	$ -

Note 8 – Inter-fund Transfers

Interfund transfers in governmental funds as of June 30, 2021 consist of the following:

	General Fund	Debt Service Fund	Special Revenue Fund	Capital Projects Fund (Non-Major)
Reimbursement general fund for PPP funds spent	$ 1,124,355	$ -	$ (1,124,355)	$ -
Transfer from capital outlay and general fund for debt service	(1,943,161)	2,634,073	-	(690,912)
Transfer from general fund for ESSER II current period expenditures	(304,220)	-	304,220	-
Total Transfers, net	$ (1,123,026)	$ 2,634,073	$ (820,135)	$ (690,912)

Due from / (Due to) balances as of June 30, 2021 consist of the following:

Due to General Fund from Capital Projects Fund for capital outlay	$ 45,442	$ -	$ -	$ (45,442)
Due to General Fund from Special Revenue Fund for Title IV	22,310	-	(22,310)	-
Total Due from/(Due to)	$ 67,752	$ -	$ (22,310)	$ (45,442)

Note 9 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

Miami Arts, Inc.
(A charter school)
Statement of Revenues, Expenditures, and Changes in Fund Balance - General fund
For the year ended June 30, 2021

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	$ 7,725,193	$ 7,725,193	$ 7,484,142
Other revenues	28,800	28,800	166,730
Total Revenues	7,753,993	7,753,993	7,650,872
EXPENDITURES			
Current:			
Instruction	3,070,628	3,070,628	2,927,328
Instructional related technology	110,888	110,888	121,447
Pupil personnel services	327,271	327,271	328,390
Board	49,725	49,725	92,755
General administration	86,200	86,200	86,945
School administration	842,551	842,551	946,224
Fiscal services	196,352	196,352	220,555
Food service	6,500	6,500	4,230
Pupil transportation services	2,000	2,000	-
Central services	192,959	192,959	190,713
Operation of plant	483,249	483,249	595,974
Maintenance of plant	119,059	119,059	141,046
Total current expenditures	5,487,382	5,487,382	5,655,607
Excess of revenues Over current expenditures	2,266,611	2,266,611	1,995,265
Debt service:	-	-	-
Repayment of principal	-	-	150,000
Capital outlay:			
Other capital outlay	-	-	-
Total capital outlay and Debt service expenditures	-	-	150,000
Total expenditures	5,487,382	5,487,382	5,805,607
Excess of revenues Over expenditures	2,266,611	2,266,611	1,845,265
Other financing sources (use):			
Transfers out	-	-	(1,123,026)
Net change in fund balance	2,266,611	2,266,611	722,239
Fund balance at beginning of year	367,452	367,452	367,452
Fund balance at end of year	$ 2,634,063	$ 2,634,063	$ 1,089,691

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Miami Arts, Inc.
(A charter school)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Fund
For the year ended June 30, 2021

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	$ -	$ -	$ 22,310
EXPENDITURES			
Current:			
Instruction	-	-	309,085
Total current expenditures	-	-	309,085
Excess of revenues			
Over current expenditures	-	-	(286,775)
Capital outlay:			
Other capital outlay	-	-	17,445
Total expenditures	-	-	326,530
Excess of revenues			
Over expenditures	-	-	(304,220)
Other financing sources:			
Proceed from PPP	-	-	836,685
Transfers in and (out)	-	-	(820,135)
Net change in fund balance	-	-	(287,670)
Fund balance at beginning of year	-	-	1,124,355
Fund balance at end of year	$ -	$ -	$ 836,685

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Miami Arts, Inc.
(A charter school)
Statement of Revenues, Expenditures, and Changes in Fund Balance - Debt Service Fund
For the year ended June 30, 2021

	Debt Service Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Other revenues	$ 2,400	$ 2,400	$ 2,315
Total Revenues	2,400	2,400	2,315
EXPENDITURES			
Current:			
Instruction	-	-	-
Total current expenditures	-	-	-
Excess of revenues Over current expenditures	2,400	2,400	2,315
Debt service:			
Repayment of principal	650,000	650,000	650,000
Interest	1,875,773	1,875,773	1,945,739
Capital outlay:			
Other capital outlay	-	-	-
Total capital outlay and Debt service expenditures	2,525,773	2,525,773	2,595,739
Total expenditures	2,525,773	2,525,773	2,595,739
Excess (Deficit) of revenues Over expenditures	(2,523,373)	(2,523,373)	(2,593,424)
Other financing sources			
Transfers in	-	-	2,634,073
Proceeds from PPP	-	-	-
Net change in fund balance	-	-	40,649
Fund balance at beginning of year	2,448,505	2,448,505	2,448,505
Fund balance at end of year	$ 2,448,505	$ 2,448,505	$ 2,489,154

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Miami Arts, Inc.
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, each major fund and the aggregate remaining fund information of Miami Arts, Inc. (the "School") as of, and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting 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. 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*.

We noted certain matters that were reported to management in a separate management letter dated September 14, 2021 pursuant to Chapter 10.850, Rules of the Auditor General.

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.

HLB Gravier, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2021

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

To the Board of Directors of
Miami Arts, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Miami Arts, Inc. Miami, Florida as of and for the year ended June 30, 2021 and have issued our report thereon dated September 14, 2021.

Auditor's Responsibility

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

Other Report Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosure in those reports, which are dated September 14, 2021 should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no finding or recommendation in the prior year audit.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Miami Arts, Inc. 7059.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Miami Arts, Inc. has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Miami Arts, Inc. did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Miami Arts, Inc. It is management's responsibility to monitor Miami Arts, Inc.'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.

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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 Florida House of Representatives, the Florida Auditor General, School Board of Miami-Dade County, 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.

HLB Gravier, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2021