

**CITY OF HIALEAH EDUCATIONAL
ACADEMY, INC.**

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

INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
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CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
(A Charter School of the School Board of Miami-Dade County, Florida)

2590 W 76th St,
Hialeah, FL 33016

2024-2025

BOARD OF DIRECTORS

1. Teresa Santalo Sanchez (President / Board Chair / Director)
2. Noelle Iglesias (Vice-President / Vice-Chair / Director)
3. Armando Llanes (Director)
4. Vincent Teck (Director)
5. Arnaldo Alonso (Director)

SCHOOL ADMINISTRATION

Carlos O. Alvarez, Principal
Graciela Carbajosa, Principal (effective July 1, 2025)



INDEPENDENT AUDITOR'S REPORT

City of Hialeah Educational Academy, Inc.
Hialeah, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Hialeah Educational Academy, Inc., (the "School") as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the School, as of June 30, 2025, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-9 and 25-27, respectively be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to

our inquiries, the basic financial statements, and other 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 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School's internal control over financial reporting and compliance.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 8, 2025

Management's Discussion and Analysis
City of Hialeah Educational Academy, Inc.
June 30, 2025

The corporate officers of City of Hialeah Educational Academy, Inc. (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

1. The net position of the School as of June 30, 2025 was \$8,706,607.
2. At year-end, the School had current assets of \$8,034,589.
3. The net position of the School increased by \$1,028,342 during the year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's financial statements. The School's financial statements for the year ended June 30, 2025 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 special purpose 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 deferred outflows of resources and liabilities and deferred inflows of resources. 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 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 periods.

The government-wide financial statements can be found on pages 10-11 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.

Management's Discussion and Analysis
City of Hialeah Educational Academy, Inc.
June 30, 2025

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.

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 16-24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the net position may serve overtime as a useful indicator of a charter school's financial position. The School's net position was \$8,706,607 at the close of the fiscal year. A summary of the School's net position as of June 30, 2025 and 2024 is as follows:

Assets:	2025	2024
Cash	\$ 6,719,737	\$ 4,496,463
Receivables	1,310,452	2,550,088
Prepays	4,400	14,790
Capital assets, net	1,461,600	1,586,883
Total assets	<u>\$ 9,496,189</u>	<u>\$ 8,648,224</u>
Current Liabilities:		
Accounts payable and accrued payroll and benefits	\$ 789,582	\$ 899,822
Deferred revenue	-	70,137
Total liabilities	<u>789,582</u>	<u>969,959</u>
Net Position:		
Investment in capital assets	1,461,600	1,586,883
Restricted	22,295	-
Unrestricted net position	<u>7,222,712</u>	<u>6,091,382</u>
Total net position	<u>8,706,607</u>	<u>7,678,265</u>
Total liabilities and net position	<u>\$ 9,496,189</u>	<u>\$ 8,648,224</u>

At June 30, 2025, the School's total assets were \$9,496,189 and total liabilities were \$789,582. For the year ended June 30, 2025, the School's total net position increased by \$1,028,342.

Management's Discussion and Analysis
City of Hialeah Educational Academy, Inc.
June 30, 2025

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
REVENUES		
Program revenues:		
Capital grants and contributions	\$ 1,102,194	\$ 748,232
Operating grants and contributions	1,951,633	1,766,112
Charges for services	553,727	489,141
Investment earnings	261,155	549,045
Miscellaneous income	21,180	30,360
General revenues:		
FTE nonspecific revenues	<u>10,174,853</u>	<u>11,690,948</u>
Total revenues	<u>14,064,742</u>	<u>15,273,838</u>
EXPENSES		
Instruction	6,154,036	6,050,677
Student support services	-	261,722
Instructional staff training services	95,122	126,243
Board	197,827	26,050
General administration	-	38,251
School administration	1,648,428	1,553,915
Facilities acquisition and construction	26,922	26,922
Fiscal services	158,333	154,375
Food services	595,873	556,039
Central services	219,581	253,893
Operation of plant	3,218,506	2,116,291
Maintenance of plant	147,239	166,291
Administrative technology services	88,362	82,969
Community services	<u>486,171</u>	<u>489,232</u>
Total expenses	<u>13,036,400</u>	<u>11,902,870</u>
Increase in net position	1,028,342	3,370,968
Net position, beginning of year, as restated	<u>7,678,265</u>	<u>4,307,297</u>
Net position, end of year, as restated	<u>\$ 8,706,607</u>	<u>\$ 7,678,265</u>

The School's revenue decreased by \$1,209,096 and expenses increased by \$1,133,530 respectively. The School's change in net position decreased by \$2,342,626.

Management's Discussion and Analysis
City of Hialeah Educational Academy, Inc.
June 30, 2025

Comparative 2024 Balances

In connection with the adoption of Governmental Accounting Standards Board ("GASB") 101, *Compensated Absences*, the School elected to early implement and restated its beginning net position as of July 1, 2024 to reflect the cumulative effect of applying the new guidance. The effect of the restatement to the prior year Statement of Net Position was as an increase in accounts payable and accrued payroll and benefits of \$194,524 and a corresponding decrease in net position of \$194,524.

The effect of the restatement to the prior year Statement of Activities was as an increase in total expenses of \$194,524; for instruction, school administration, instructional staff training services, operation of plant and food services of \$116,474, \$65,285, \$2,154, \$8,681 and \$1,930, respectively. See Note 9.

SCHOOL LOCATION

The School's facility is located at 2590 W 76th St, Hialeah, FL 33016.

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 GOVERNMENTAL FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with financial-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, 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.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$7,222,712. The total fund balance unassigned and available for spending at the School's discretion is \$7,218,312.

CAPITAL ASSETS

The School's investment in capital assets as of June 30, 2025 was \$1,461,600 (net of accumulated depreciation). This investment in capital assets includes buildings, leasehold improvements and furniture, equipment and textbooks.

The School has no outstanding debt.

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 Ms. Ana Martinez at Academica Dade, LLC, 6340 Sunset Drive, Miami, Florida, 33143.

Management's Discussion and Analysis
City of Hialeah Educational Academy, Inc.
June 30, 2025

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.

	Total Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Local sources	\$ 10,069,762	\$ 10,798,334	\$ 11,277,047
Federal lunch program	521,900	521,900	555,368
Federal through state	1,000,060	2,426,617	1,396,265
Charges for services	490,000	490,000	553,727
Investment earnings	-	-	261,155
Miscellaneous income	-	-	21,180
TOTAL REVENUES	12,081,722	14,236,851	14,064,742
EXPENDITURES			
Current:			
Instruction	6,266,353	7,537,753	5,981,758
Instructional staff training services	603,236	347,792	95,122
Board	93,000	75,000	197,827
School administration	1,247,764	1,454,874	1,640,506
Fiscal services	115,000	115,000	158,333
Food services	624,690	704,398	574,247
Central services	226,333	275,254	219,581
Operation of plant	1,878,543	1,872,326	3,107,394
Maintenance of plant	339,000	359,000	146,997
Administrative technology services	71,034	74,483	88,362
Community services	490,000	490,000	486,171
Capital outlay	-	-	214,819
TOTAL EXPENDITURES	11,954,953	13,305,880	12,911,117
NET CHANGE IN FUND BALANCE	\$ 126,769	\$ 930,971	\$ 1,153,625

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 6,719,737
Receivable	1,310,452
Prepays	<u>4,400</u>
TOTAL CURRENT ASSETS	8,034,589
NON-CURRENT ASSETS	
Capital assets, net	<u>1,461,600</u>
TOTAL NON-CURRENT ASSETS	<u>1,461,600</u>
 TOTAL ASSETS	 <u><u>\$ 9,496,189</u></u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	\$ 83,978
Accrued payroll and benefits	<u>705,604</u>
TOTAL CURRENT LIABILITIES	789,582
 TOTAL LIABILITIES	 <u><u>789,582</u></u>
NET POSITION	
Net investment in capital assets	1,461,600
Restricted	22,295
Unrestricted	<u>7,222,712</u>
TOTAL NET POSITION	<u>8,706,607</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 9,496,189</u></u>

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

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 6,154,036	\$ -	\$ 1,312,536	\$ -	\$ (4,841,500)
Instructional staff training services	95,122	-	35,987	-	(59,135)
Board	197,827	-	-	-	(197,827)
School administration	1,648,428	-	452	-	(1,647,976)
Facilities acquisition and construction	26,922	-	-	-	(26,922)
Fiscal services	158,333	-	-	-	(158,333)
Food services	595,873	41,174	555,368	-	669
Central services	219,581	-	-	-	(219,581)
Operation of plant	3,218,506	-	47,290	1,102,194	(2,069,022)
Maintenance of plant	147,239	-	-	-	(147,239)
Administrative technology services	88,362	-	-	-	(88,362)
Community services	486,171	512,553	-	-	26,382
Total Governmental Activities	<u>\$ 13,036,400</u>	<u>\$ 553,727</u>	<u>\$ 1,951,633</u>	<u>\$ 1,102,194</u>	<u>\$ (9,428,846)</u>

GENERAL REVENUES:

FTE non-specific revenues	\$ 10,174,853
Investment earnings	261,155
Miscellaneous income	21,180
Total general revenues	<u>10,457,188</u>

Change in net position 1,028,342

NET POSITION - BEGINNING, AS RESTATED 7,678,265

NET POSITION - ENDING \$ 8,706,607

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

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
BALANCE SHEET– GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash	\$ 6,719,737	\$ -	\$ 6,719,737
Receivable	1,310,452	-	1,310,452
Prepays	4,400	-	4,400
Due from fund	-	22,295	22,295
TOTAL ASSETS	<u>\$ 8,034,589</u>	<u>\$ 22,295</u>	<u>\$ 8,056,884</u>
LIABILITIES			
Accounts payable	\$ 83,978	\$ -	\$ 83,978
Accrued payroll and benefits	705,604	-	705,604
Due to fund	22,295	-	22,295
TOTAL LIABILITIES	<u>811,877</u>	<u>-</u>	<u>811,877</u>
FUND BALANCE			
Nonspendable	4,400	-	4,400
Restricted	-	22,295	22,295
Unassigned	7,218,312	-	7,218,312
TOTAL FUND BALANCE	<u>7,222,712</u>	<u>22,295</u>	<u>7,245,007</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,034,589</u>	<u>\$ 22,295</u>	<u>\$ 8,056,884</u>

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

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Total Fund Balance - Governmental Funds	\$ 7,245,007
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Amounts reported for governmental activities in the statement
of net assets are different because:

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

Capital assets, net	1,461,600
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Total Net Position - Governmental Activities	<u>\$ 8,706,607</u>
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The accompanying notes are an integral part of this financial statement.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local sources	\$ 11,277,047	\$ -	\$ 11,277,047
Federal lunch program	-	555,368	555,368
Federal through state	-	1,396,265	1,396,265
Charges for services	512,553	41,174	553,727
Investment earnings	261,155	-	261,155
Miscellaneous	21,180	-	21,180
TOTAL REVENUES	12,071,935	1,992,807	14,064,742
EXPENDITURES			
Instruction	4,669,222	1,312,536	5,981,758
Instructional staff training services	59,135	35,987	95,122
Board	197,827	-	197,827
School administration	1,640,054	452	1,640,506
Fiscal services	158,333	-	158,333
Food services	-	574,247	574,247
Central services	219,581	-	219,581
Operation of plant	3,060,104	47,290	3,107,394
Maintenance of plant	146,997	-	146,997
Administrative technology services	88,362	-	88,362
Community services	486,171	-	486,171
Capital outlay	214,819	-	214,819
TOTAL EXPENDITURES	10,940,605	1,970,512	12,911,117
NET CHANGE IN FUND BALANCE	1,131,330	22,295	1,153,625
Fund balance, beginning of year, as restated	6,091,382	-	6,091,382
Fund balance, end of year	\$ 7,222,712	\$ 22,295	\$ 7,245,007

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

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Change in Fund Balance - Governmental Funds	\$	1,153,625
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Amounts reported for governmental activities in the statement of activities
are different because:

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

Capital outlays	214,819
Depreciation expense	(340,102)
Change in Net Position of Governmental Activities	<u>\$ 1,028,342</u>

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

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 – ORGANIZATION AND OPERATIONS

Nature of Operations and Reporting Entity

City of Hialeah Educational Academy, Inc. (the “School”), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the “District”). The School’s charter is held by City of Hialeah Educational Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617 of the Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of City of Hialeah Educational Academy, Inc., which is composed of five members. Management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's basic financial statements.

The general authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the District. The current charter expires on June 30, 2028, and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reason set forth in the charter and Section 1002.33 of the Florida Statutes.

These financial statements are for the year ended June 30, 2025, when approximately 1,000 students were enrolled in grades 6 through 12.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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.

Deferred Outflow/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of 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.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. 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 do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants and contributions which finance annual operative activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets.

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.

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. The School reports the following major governmental funds with all 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.

Special Revenue Fund - is used to account for the proceeds of specific revenue sources, such as federal and state grants, that are restricted or committed to expenditure for specific purposes other than debt service and capital projects. The special revenue fund also includes the School's internal funds for student 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 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.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay). Any revisions to the annual budget are approved by the Board.

Cash and cash equivalents

The School considers all demand accounts and money market funds which are not subjected to withdrawal restrictions to be cash. The School's cash and cash equivalents include cash on hand which are not subjected to withdrawal restrictions and an overnight repurchase agreement. The deposits, including the overnight repurchase agreement, are held in the name of the School.

Compensated Absences

In June 2022, GASB issued Statement No. 101 ("GASB 101"), *Compensated Absences*, which establishes a unified model for the recognition and measurement of all types of compensated absences, such as vacation leave, sick leave, and paid time off. This Statement replaces the prior guidance in GASB Statement No. 16 and requires that a liability be recognized as leave is earned, regardless of whether it vests or is contingent on future events, to the extent it is more likely than not to be used for time off in a future reporting period or otherwise paid to the employee.

The School provides its employees with various forms of compensated absences, including vacation leave, sick leave, and other paid time off, in accordance with its established personnel policies. In accordance with GASB 101, the School recognizes a liability for leave as it is earned if, based on the School's policies and historical experience, it is more likely than not that the leave will be used for time off in a future reporting period or otherwise paid to the employee.

The amount of the liability is measured at the employee's pay rate in effect as of the financial reporting date, plus applicable salary-related payments (e.g., payroll taxes and retirement contributions) that are directly associated with the payment of compensated absences.

Leave that is contingent on an event outside the employee's control (such as the need for sick leave) is accrued if it is more likely than not that the event will occur. Leave that does not meet the "more likely than not" threshold is not accrued until the contingency is resolved.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Deposits and Investments

The School maintains its cash accounts with two financial institutions. The School's accounts at these institutions, at times, may exceed the federally insured limit. The School maintains these deposits with major financial institutions which mitigates this risk.

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at the estimated fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on capital assets is provided on the straight-line basis over the respective estimated useful lives ranging from 3 to 20 years.

Capital assets are reported in the government-wide financial statements. Within governmental funds, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported within the governmental fund financial statements.

Income Taxes

The School is a nonprofit corporation whose revenues are derived primarily from governmental entities. The School is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is subject to a tax on income from any unrelated business. The School did not have any unrelated business income for fiscal year ended June 30, 2025.

The School adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The School has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The School believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the School's financial condition, results of operations or cash flows. Accordingly, the School has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2025.

The School is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The School believes it is no longer subject to income tax examinations for years prior to 2020.

The School's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

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

Net Position and Fund Balance Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- Net investment in capital assets—consists of the historical cost of capital assets net of accumulated depreciation, and long-term receivables, reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets. It also includes right-of-use assets, net of amortization, reduced by the right-to-use liability. The net investment in capital assets and right-of-use assets, net of related debt, for the year ending June 30, 2025 was \$1,461,600.
- Restricted—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. Restricted net position at June 30, 2025 was \$22,295.
- Unrestricted—all other net position that do not meet the definition of "restricted" or "net investment in capital assets and long-term receivables."

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:

- Non-spendable—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 deposits, and prepaid expenses. At June 30, 2025, the School's non-spendable fund balance was \$4,400.
- 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 at June 30, 2025 was \$22,295.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund financial statements (Continued)

- 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.
- 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.
- Unassigned—portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. 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.

Net Position Flow Assumption

Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied. There was no restricted net position for the fiscal year ended June 30, 2025.

Adopted Accounting Pronouncements

In June 2022, GASB issued Statement No. 101 (“GASB 101”), *Compensated Absences*, which establishes a unified model for the recognition and measurement of all types of compensated absences, such as vacation leave, sick leave, and paid time off. This Statement replaces the prior guidance in GASB Statement No. 16 and requires that a liability be recognized as leave is earned, regardless of whether it vests or is contingent on future events, to the extent it is more likely than not to be used for time off in a future reporting period or otherwise paid to the employee. In connection with the adoption, the School elected to early implement GASB 101 and restated its beginning net position as of July 1, 2024, to reflect the cumulative effect of applying the new guidance. See Note 9.

Recent Accounting Pronouncements

In June 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* (“GASB 102”), which includes new disclosure requirements related to concentrations and constraints, including certain risks related to capital assets. GASB 102 requires disclosure when events or conditions make it at least reasonably possible that a significant concentration or constraint could impact the government’s ability to continue providing services at current levels or meet obligations as they come due.

GASB 102 is effective for fiscal years beginning after June 15, 2024. Accordingly, it will be effective for the School’s fiscal year ending June 30, 2026. The School is currently assessing the impact of this Statement on future financial statement disclosures. Early application is permitted.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Event

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 8, 2025, which is the date the financial statements were available to be issued.

NOTE 3 – DEFINED CONTRIBUTION PLAN

The School contributes to a defined contribution plan, created in accordance with Internal Revenue Code Section 401 (k). The plan covers full-time employees of the School. Under the plan, the School provides a match of 100% up to 4% of employee salary.

The plan's assets are administered by Mass Mutual Financial Group. The School does not exercise any control or fiduciary responsibility over the plan's assets. The School contributed approximately \$116,218 to the Plan during the fiscal year ended June 30, 2025.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	<u>7/1/2024</u>	<u>Additions</u>	<u>Reclassifications</u>	<u>6/30/2025</u>
CAPITAL ASSETS				
Buildings and improvements	\$ 1,240,904	\$ 70,840	\$ 58,468	\$ 1,370,212
Furniture, equipment, and textbooks	1,601,241	143,979	-	1,745,220
Construction in progress	58,468	-	(58,468)	-
TOTAL CAPITAL ASSETS	<u>2,900,613</u>	<u>214,819</u>	<u>-</u>	<u>3,115,432</u>
 Less accumulated depreciation for:				
Buildings and improvements	(261,023)	(164,359)	-	(425,382)
Furniture, equipment, and textbooks	(1,052,707)	(175,743)	-	(1,228,450)
TOTAL ACCUMULATED DEPRECIATION	<u>(1,313,730)</u>	<u>(340,102)</u>	<u>-</u>	<u>(1,653,832)</u>
 CAPITAL ASSETS, NET	<u>\$ 1,586,883</u>	<u>\$ (125,283)</u>	<u>\$ -</u>	<u>\$ 1,461,600</u>

Depreciation expense for the fiscal year ended June 30, 2025 was \$340,102 and was charged to the Instruction \$172,278, Operation of Plant \$111,112, School Administration \$7,922, Maintenance of Plant \$242, Facilities Acquisition \$26,922, and Food Services \$21,626 function/programs of the School.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Management Agreement

Academica Dade, LLC (“Academica”), an education service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting and virtual education services. The agreement calls for a fee on per student basis. The agreement is with City of Hialeah Educational Academy for a period of five years through June 30, 2029, and unless terminated by the Board, shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2024, the School incurred \$475,000 in fees.

Academica Dade, LLC is located at 6340 Sunset Drive, Miami, Florida 33143.

Funding

The School receives funding from the District which is received from the State of Florida that is based, in part on a computation of the number of full time equivalent (FTE) students enrolled in the School. The accuracy of the data provided by the School supporting the FTE count is subject to state audit and, if found to be in error, could result in refunds or in decreases in future funding allocations.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable School.

It is the opinion of management that the amount of revenue which may be remitted back to the State due to errors in the FTE count or amount of grant expenditures which may be disallowed by granting agencies, if any, will not be material to the financial position of the School.

NOTE 6 – RELATED PARTY TRANSACTIONS

On June 30, 2011, the School entered into a facilities lease agreement with the City which calls for a monthly base rent equal to \$1,550 for each student enrolled in the School and in classes being held at police substation. The leases are renewed on an annual basis. Moreover, in further consideration of the obligation of the User as provided herein, the City agrees to pay all charges for water, sewer, electricity, gas, and other utilities supplied to the police substation and the Carl F. Slade Park Recreation Center. The City shall make all utilities, including but not limited to heating, ventilation, and air conditioning (“HVAC”) services available to the premises during the authorized hours of use of the described police substation. The city will charge an annual fee of \$71,910 for the use of athletic facilities and fields to be pro-rated on monthly basis. The School paid the City \$1,328,350 in rent and the usage fee of \$287,360 for the fiscal year ended June 30, 2025.

NOTE 7 – 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. There have been no claims in excess of insurance coverage limits during the past three years. The School has contracted the services of a Professional Employer Organization which provides, at the direction of the School, human resource services, a comprehensive benefits and retirement package to all School employees. Under its co-employment agreement with the School, the Professional Employer Organization is the employer of record. As a result, the School is not exposed to medical or workers’ compensation claims for these individuals. School employees can only be removed, dismissed, or transferred by the Oversight Committee.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 8 – REFERENDUM

On November 6, 2018, and November 8, 2022, the voters of Miami-Dade approved and renewed, respectively, the Secure Our Future Referendum to raise/maintain teacher compensation and improve school safety and security. The Miami-Dade County School District shares a portion with charter schools. The District entered into a settlement agreement with the School for the 2018 Referendum funds not received for the 2019-2020; 2020-2021 and 2021-2022 school years. The District agreed to pay these funds totaling \$2,435,024 (including interest) to the School in two installments in August 2024 and July 2025. As of June 30, 2025, approximately \$1,200,000 is due from the District and is recorded within the receivable balance of \$1,310,452 in the accompanying statement of net position.

NOTE 9 – RESTATEMENTS OF BEGINNING BALANCES AND COMPENSATED ABSENCES

For the year ended June 30, 2025, the School implemented GASB Statement No. 101, *Compensated Absences*. Compensated absences payable consists of leave benefits, paid time off, that employees earned based on services already rendered. Compensated absences are recognized as a liability when the leave accumulates, is attributable to past service, and it is more likely than not that the leave will be used or paid.

For the implementation, the beginning net position and beginning net fund balance has been restated, as follows:

	7/1/2024, Original	Restatement Adjustment	7/1/2024, Restated
Net position	\$ 7,872,789	\$ (194,524)	\$ 7,678,265
Net fund balance	\$ 6,285,906	\$ (194,524)	\$ 6,091,382

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		General Fund	
	Original Budget	Final Budget	Actual
REVENUES			
Local sources	\$ 10,069,762	\$ 10,798,334	\$ 11,277,047
Charges for services	490,000	490,000	512,553
Investment earnings	-	-	261,155
Miscellaneous income	-	-	21,180
TOTAL REVENUES	10,559,762	11,288,334	12,071,935
EXPENDITURES			
Instruction	5,222,193	5,066,736	4,669,222
Instructional staff training services	603,236	347,792	59,135
Board	93,000	75,000	197,827
School administration	1,247,764	1,454,874	1,640,054
Fiscal services	115,000	115,000	158,333
Food services	73,445	153,153	-
Central services	226,333	275,254	219,581
Operation of plant	1,878,543	1,872,326	3,060,104
Maintenance of plant	339,000	359,000	146,997
Administrative technology services	71,034	74,483	88,362
Community services	490,000	490,000	486,171
Capital outlay	-	-	214,819
TOTAL EXPENDITURES	10,359,548	10,283,618	10,940,605
NET CHANGE IN FUND BALANCE	\$ 200,214	\$ 1,004,716	\$ 1,131,330

See accompanying note to the required supplemental information.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal lunch program	\$ 521,900	\$ 521,900	\$ 555,368
Federal through state	1,000,060	2,426,617	1,396,265
Charges for services	-	-	41,174
TOTAL REVENUES	1,521,960	2,948,517	1,992,807
EXPENDITURES			
Current:			
Instruction	1,044,160	2,471,017	1,312,536
Instructional staff training services	-	-	35,987
School administration	-	-	452
Operation of plant	-	-	47,290
Food services	551,245	551,245	574,247
TOTAL EXPENDITURES	1,595,405	3,022,262	1,970,512
NET CHANGE IN FUND BALANCE	\$ (73,445)	\$ (73,745)	\$ 22,295

See accompanying note to the required supplemental information.

CITY OF HIALEAH EDUCATIONAL ACADEMY, INC.
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE A

The School formally adopted a budget for the fiscal year ended June 30, 2025. Budgeted amounts may be amended by resolution or ordinance. The budget has been prepared in accordance with the accounting principles generally accepted in the United States of America. A comparison of the actual results of operations to the budgeted amounts for the School is presented as supplementary information.

NOTE B

For the fiscal year ended June 30, 2025, there were no supplemental appropriations.



Verdeja • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

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

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

INDEPENDENT AUDITOR'S REPORT ON 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*

City of Hialeah Educational Academy, Inc.
Hialeah, 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 the major fund of the City of Hialeah Educational Academy, Inc. (the "School") as of and for the fiscal year ended June 30, 2025, 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 8, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 School'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 weakness may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the school'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 school's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 8, 2025



MANAGEMENT LETTER

City of Hialeah Educational Academy, Inc.
Hialeah, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Hialeah Educational Academy, Inc. (the "School"), as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 8, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent 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*. Disclosures in that report which is dated September 8, 2025, 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 and/or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are City of Hialeah Educational Academy, Inc. and 7262, respectively.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our assessment was performed as of the fiscal year end. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 8, 2025