

Maria T. Gonzalez, Chief Auditor
Office of Management and Compliance Audits

**SUBJECT: AUDITED FINANCIAL STATEMENTS OF MAGNET
EDUCATIONAL CHOICE ASSOCIATION (MECA), INC., FOR
FISCAL YEAR ENDED JUNE 30, 2019**

COMMITTEE: FISCAL ACCOUNTABILITY AND GOVERNMENT RELATIONS

**LINK TO STRATEGIC
BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES**

The financial statements of Magnet Educational Choice Association (MECA) were audited by the external audit firm of C Borders-Byrd, CPA LLC. MECA is a not-for-profit corporation organized and operated as a Miami-Dade County School Board's direct-support organization. The financial statement audit is required by State Board of Education Rule 6A-1.0013, Section 1001.453, Florida Statutes, and School Board Policy 9215.

In the audit report, the external auditors concluded that the financial statements present fairly, in all materials respects, the financial position of MECA at June 30, 2019. At June 30, 2019, MECA reported total revenues of \$534,408. This total represents an increase of \$32,186 when compared to total revenues reported at the end of the 2017-2018 fiscal year, or \$502,222. Also, at June 30, 2019, MECA reported total net assets of \$332,041. This total represents a decrease of \$17,797 when compared to total net assets reported at the end of the 2017-2018 year, or \$349,838.

Similar to the prior audit, according to the Management Letter and Schedule of Audit Findings and Responses, the external auditors "became aware of deficiencies in internal control that are material weaknesses as well as matters that are opportunities for strengthening internal controls and operating efficiency." For this fiscal year under audit, the external auditors reported one finding related to declining net assets without donor restrictions and the adequacy of the administrative fees currently charged to the stakeholders to cover operating expenses; and provided a recommendation to reassess the fees annually to ensure it is adequate to cover operating expenses (2019-1). Additionally, prior years' findings regarding certain accounting control deficiencies over cash and over the approval of and support for disbursements (2018-1); and the observation that proper segregation of duties is not always possible due to MECA's limited number of personnel (2017-1) are disclosed in the Management Letter.

E-88

Furthermore, the external auditors communicated to MECA's Management and Board of Directors that MECA has experienced significant reductions in contributions and has a net deficiency in net assets without donor restrictions; and the fact that key management plans to retire and needs replacement for MECA to continue operations.

According to the external auditors, MECA's Management and the Board of Directors have determined that they will find a replacement for key management and will seek additional contributions to manage the cash flow.

The School Board Audit and Budget Advisory Committee will review this report at its December 3, 2019, meeting to consider its transmission to the School Board.

Copies of this report will be distributed and placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center. Additional copies will be provided upon request.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, receive and file the Audited Financial Statements of Magnet Educational Choice Association (MECA), Inc., for Fiscal Year Ended June 30, 2019.

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