



iMater Preparatory Academy High School

(A charter school under  
Mater Academy, Inc.)  
W/L# 7090

Hialeah, Florida

Financial Statements and  
Independent Auditors' Report  
June 30, 2021

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iMater Preparatory Academy High School  
(A charter school under Mater Academy, Inc.)  
W/L# 7090

651 West 20th Street  
Hialeah, Florida 33010

2020-2021

Board of Directors

Cesar Christian Crousilliant, Board Chair, Director  
Shannie Sadesky, Vice Chair, Director  
Idalia Suarez, Secretary, Director  
Maria Beatriz Nunez, Director  
Maurene Sotero Balmaseda, Student Alumni Representative, Director

School Administration

Teresa Santalo, Principal

Other Non-voting Corporate Officers

Roberto Blanch, President



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
iMater Preparatory Academy High School  
Hialeah, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of iMater Preparatory Academy High School (the "School"), a charter school under Mater Academy, Inc., 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 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of iMater Preparatory Academy High School 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**

As described in Note 1, the accompanying financial statements referred to above present only the financial position of iMater Preparatory Academy High School as of June 30, 2021, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Mater Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of Mater Academy, Inc. as of June 30, 2021 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, during the current fiscal year, the School adopted new accounting guidance, GASB No. 84, Fiduciary Activities and GASB No. 87, Leases. Our opinion is not modified with respect to this matter.

*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 29 through 30 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021 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, 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* is considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2021

**Management's Discussion and Analysis**  
iMater Preparatory Academy High School  
(A Charter School Under Mater Academy, Inc.)  
June 30, 2021

The corporate officers of Mater Academy Inc. have prepared this narrative overview and analysis of the iMater Preparatory Academy High 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 \$4,787,927.
2. At year-end, the School had current assets on hand of \$4,654,083
3. The net position of the School increased by \$685,502 during the year.
4. The unassigned fund balance at year end was \$2,940,635.

**Overview of the Financial Statements**

This discussion and analysis are 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 periods.

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.

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.

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 - 14 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 15 – 28 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, assets exceeded liabilities by \$4,787,927 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:

	<u>2021</u>	<u>2020</u>
Cash	\$ 494,186	367,661
Investments	3,208,000	2,900,000
Prepaid expenses	62,575	51,201
Due from other agencies	889,322	110,252
Due from other divisions of Mater Academy, Inc.	400,000	400,000
Capital Assets, net	505,656	563,107
Right-to-use lease asset, net	23,330,762	-
<b>Total Assets</b>	<u>28,890,501</u>	<u>4,392,221</u>
<b>Deferred outflows of resources</b>	-	-
Salaries and wages payable	408,457	345,661
Accounts payable	82,153	79,121
Lease liability	23,611,964	-
<b>Total Liabilities</b>	<u>24,102,574</u>	<u>424,782</u>
<b>Deferred inflows of resources</b>	-	-
<b>Net Position:</b>		
Net investment in capital assets and long term receivables	905,656	963,107
Restricted	265,672	210,347
Unrestricted	3,616,599	2,793,885
<b>Total Net Position</b>	<u>\$ 4,787,927</u>	<u>\$ 3,967,339</u>

At the end of the fiscal year, the School is able to report positive balances in total net position.

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

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Program Revenues		
Operating Grants and Contributions	\$ 1,404,386	709,535
Capital Outlay Funding	784,164	739,728
Charges for Services	100,517	9,908
General Revenues		
Local Sources (FTE and other non specific)	7,462,321	6,781,939
Other Revenues	27,951	80,047
<b>Total Revenues</b>	<u>\$ 9,779,339</u>	<u>\$ 8,321,157</u>
<b>EXPENSES</b>		
Instruction	\$ 4,806,046	\$ 4,123,758
Student support services	137,706	170,278
Instructional staff training	-	12,781
Board	64,935	49,770
School administration	667,253	669,239
Fiscal services	155,775	147,375
Food services	115,297	229,222
Central services	175,095	218,782
Operation of plant	1,843,222	2,215,904
Maintenance of plant	154,020	117,640
Administrative technology services	29,895	23,407
Community services	154,453	-
Interest	790,140	-
<b>Total Expenses</b>	<u>9,093,837</u>	<u>7,978,156</u>
Increase in Net Position	685,502	343,001
Net Position at Beginning of Year, as restated	<u>4,102,425</u>	<u>3,624,338</u>
Net Position at End of Year	<u>\$ 4,787,927</u>	<u>\$ 3,967,339</u>

The School's revenue and expenditures increased by \$1,458,082 and \$1,115,681, respectively. The School had an increase in its net position of \$685,502 for the year.



## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

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

### **Governmental Funds**

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, 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 \$3,003,210. The fund balance unassigned and available for spending at the School's discretion is \$2,940,635. These funds will be available for the School's future ongoing operations.

### **School Location**

During the fiscal year, the School continued to operate from its facilities located at 651 W 20<sup>th</sup> Street, and 701 W 20<sup>th</sup> Street in Hialeah, Florida.

### **Capital Improvement Requirements**

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

### **Capital Assets**

The School's investment in capital assets as of June 30, 2021 amounts to \$505,656 (net of accumulated depreciation). This investment in capital assets includes building and improvements and furniture and equipment. The School had no outstanding debt associated to capital assets at year end.

## Governmental Fund Budget Analysis and Highlights

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.

	Governmental Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
State capital outlay funding	\$ 826,500	\$ 784,200	\$ 784,164
Federal sources	726,380	604,800	604,986
Charges for services - lunch program	100,120	100,500	100,517
General Revenues			
FTE and other nonspecific revenues	6,992,998	7,449,156	7,462,321
Charges and other revenues	25,600	25,900	27,951
Total Revenues	\$ 8,671,598	\$ 8,964,556	\$ 8,979,939
<b>CURRENT EXPENDITURES</b>			
Instruction	\$ 4,204,380	\$ 4,742,717	\$ 4,725,082
Student support services	85,400	155,862	137,706
Board	70,800	71,000	64,935
School administration	750,270	669,092	667,019
Fiscal services	155,400	156,000	155,775
Food services	110,400	109,850	109,784
Central services	181,400	182,000	175,095
Operation of plant	1,506,706	1,357,111	1,342,083
Maintenance of plant	138,000	152,500	151,950
Administrative technology services	22,280	30,888	29,895
Community services	125,000	155,450	154,453
Total Current Expenditures	\$ 7,350,036	\$ 7,782,470	\$ 7,713,777

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

### 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.

iMater Preparatory Academy High School  
(A charter school under Mater Academy, Inc.)

Statement of Net Position  
June 30, 2021

	Primary Government
	Governmental Activities
<b><u>Assets</u></b>	
Current assets:	
Cash	\$ 494,186
Investments	3,208,000
Prepaid expenses	62,575
Due from other agencies	889,322
Total Current Assets	<u>4,654,083</u>
Due from other divisions of Mater Academy, Inc.	400,000
Capital assets, depreciable	1,091,882
Less: accumulated depreciation	<u>(586,226)</u>
	505,656
Right-to-use lease asset, net	<u>23,330,762</u>
Total Assets	<u>28,890,501</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Salaries and wages payable	408,457
Accounts payable	82,153
	<u>490,610</u>
Lease liability	<u>23,611,964</u>
Total Liabilities	<u>24,102,574</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>
<b><u>Net Position</u></b>	
Net investment in capital assets and long term receivables	905,656
Restricted	265,672
Unrestricted	<u>3,616,599</u>
Total Net Position	<u>\$ 4,787,927</u>

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

iMater Preparatory Academy High School  
(A charter school under Mater Academy, Inc.)

Statement of Activities  
For the year ended June 30, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<b>Governmental activities:</b>					
Instruction	\$ 4,806,046	\$ -	\$ 1,165,984	\$ -	\$ (3,640,062)
Student support services	137,706	-	73,850	-	(63,856)
Board	64,935	-	-	-	(64,935)
School administration	667,253	-	-	-	(667,253)
Fiscal services	155,775	-	-	-	(155,775)
Food services	115,297	557	164,552	-	49,812
Central services	175,095	-	-	-	(175,095)
Operation of plant	1,843,222	-	-	784,164	(1,059,058)
Maintenance of plant	154,020	-	-	-	(154,020)
Administrative technology services	29,895	-	-	-	(29,895)
Community services	154,453	99,960	-	-	(54,493)
Interest	790,140	-	-	-	(790,140)
<b>Total governmental activities</b>	<b>9,093,837</b>	<b>100,517</b>	<b>1,404,386</b>	<b>784,164</b>	<b>(6,804,770)</b>
General revenues:					
FTE and other nonspecific revenues					7,462,321
Interest and other revenue					27,951
Change in net position					685,502
Net position , beginning, as restated					4,102,425
Net position, ending					\$ 4,787,927

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

iMater Preparatory Academy High School  
(A charter school under Mater Academy, Inc.)

Balance Sheet - Governmental Funds  
June 30, 2021

	General Fund	Special Revenue Fund (Non Major)	Capital Projects Fund	Total Governmental Funds
<b><u>Assets</u></b>				
Cash	\$ 133,323	\$ 360,863	\$ -	\$ 494,186
Investments	3,208,000	-	-	3,208,000
Due from other agencies	-	31,402	58,520	89,922
Due from fund	89,922	-	-	89,922
Prepaid expenses	62,575	-	-	62,575
Total Assets	<u>3,493,820</u>	<u>392,265</u>	<u>58,520</u>	<u>3,944,605</u>
<b><u>Deferred Outflows of Resources</u></b>				
	-	-	-	-
<b><u>Liabilities</u></b>				
Salaries and wages payable	408,457	-	-	408,457
Accounts payable	82,153	-	-	82,153
Due to fund	-	31,402	58,520	89,922
Total Liabilities	<u>490,610</u>	<u>31,402</u>	<u>58,520</u>	<u>580,532</u>
<b><u>Deferred Inflows of Resources</u></b>				
	-	-	-	-
<b><u>Fund balance</u></b>				
Nonspendable, not in spendable form	62,575	-	-	62,575
Assigned	-	95,191	-	95,191
Restricted	-	265,672	-	265,672
Unassigned	2,940,635	-	-	2,940,635
	<u>3,003,210</u>	<u>360,863</u>	<u>-</u>	<u>3,364,073</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,493,820</u>	<u>\$ 392,265</u>	<u>\$ 58,520</u>	<u>\$ 3,944,605</u>

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

iMater Preparatory Academy High School  
(A charter school under Mater Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2021

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Total Fund Balance - Governmental Funds \$ 3,364,073

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

Capital assets and right of use asset of \$24,867,039 net of accumulated depreciation and amortization of \$1,030,621 used in governmental activities are not financial resources and therefore are not reported in the fund. 23,836,418

Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. (23,611,964)

Receivables in governmental activities that are not available are not current financial resources, and therefore are not reported in the governmental funds. 799,400

Long term receivables due from other divisions were not due and receivable in the current period and, therefore, are not reported in the funds. 400,000

Total Net Position - Governmental Activities \$ 4,787,927

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

iMater Preparatory Academy High School  
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the year ended June 30, 2021

	General Fund	Special Revenue Fund (Non major)	Capital Projects Fund	Total Governmental Funds
<b>Revenues:</b>				
State capital outlay funding	\$ -	\$ -	\$ 784,164	\$ 784,164
State passed through local	7,462,321	-	-	7,462,321
Federal sources	-	604,986	-	604,986
Charges for services and other revenue	27,951	100,517	-	128,468
<b>Total Revenues</b>	<b>7,490,272</b>	<b>705,503</b>	<b>784,164</b>	<b>8,979,939</b>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	3,559,098	1,165,984	-	4,725,082
Student support services	63,856	73,850	-	137,706
Board	64,935	-	-	64,935
School administration	667,019	-	-	667,019
Fiscal services	155,775	-	-	155,775
Food services	-	109,784	-	109,784
Central services	175,095	-	-	175,095
Operation of plant	1,342,083	-	-	1,342,083
Maintenance of plant	151,950	-	-	151,950
Administrative technology services	29,895	-	-	29,895
Community services	-	154,453	-	154,453
<b>Capital Outlay:</b>				
Right to use asset (building)	-	-	23,775,157	23,775,157
Other capital outlay	88,074	-	-	88,074
<b>Debt Service:</b>				
Principal	163,193	-	-	163,193
Interest	5,976	-	784,164	790,140
<b>Total Expenditures</b>	<b>6,466,949</b>	<b>1,504,071</b>	<b>24,559,321</b>	<b>32,530,341</b>
Excess (deficit) of revenues over expenditures	1,023,323	(798,568)	(23,775,157)	(23,550,402)
Transfers in (out)	(814,098)	814,098	-	-
Increase in lease liability	-	-	23,775,157	23,775,157
<b>Net change in fund balance</b>	<b>209,225</b>	<b>15,530</b>	<b>-</b>	<b>224,755</b>
Fund Balance at beginning of year, as restated	2,793,985	345,333	-	3,139,318
<b>Fund Balance at end of year</b>	<b>\$ 3,003,210</b>	<b>\$ 360,863</b>	<b>-</b>	<b>\$ 3,364,073</b>

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

iMater Preparatory Academy High School  
(A charter school under Mater Academy, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2021

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Net Change in Fund Balance - Governmental Funds \$ 224,755

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 \$23,863,231 exceeded depreciation and amortization expense of \$589,920 23,273,311

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 were not available at year end and therefore not reported 799,400

Increases in debt issuance provide current financial resources to governmental funds, but issuing debt increased long term liabilities in the statement of net position. Decreases in debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of position.. This is the amount by which decreases of \$163,193 differed from increases of \$23,775,157. (23,611,964)

Change in Net Position of Governmental Activities \$ 685,502

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



## **Note 1 – Summary of Significant Accounting Policies**

### Reporting Entity

iMater Preparatory Academy High School (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 Mater Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Mater Academy, Inc., which is composed of five members and also governs other charter schools. The board of directors has determined that no component unit exists that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expires on June 30, 2032 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Hialeah, Florida for students from ninth through twelfth grade. These financial statements are for the year ended June 30, 2021, when on average 1,036 students were enrolled for the school year.

### Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States 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.

### Government-wide and Fund Financial Statements

#### *Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal inter-fund 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.

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, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) 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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

*Capital Projects Fund* – accounts for state and local capital outlay as authorized by Charter School Capital Outlay, Section 1013.62, Florida Statutes mainly for capital outlay and maintenance purposes.

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 using 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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

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.

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.

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund.

The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, *Fair Value Measurement and Application*, and other related standards which establish accounting and financial reporting standards for all investments (see Note 2). Money market investment that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

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 financial 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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Inter-fund Transfers

Inter-fund receivables/payables (“due from/to”) are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies relate to grants or programs for which the services have been provided by the School.

Prepaid Expenses

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

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 a 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 sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the governmentwide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds. Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	5-20 Years
Furniture and equipment	5 Years
Vehicles	5 Years
Right to use asset (building)	35 Years

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to receive one day per month up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. Employees may “cash out” unused sick days, however, employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

**Note 1 – Summary of Significant Accounting Policies (continued)**

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years. The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Revenue Sources

Revenues for current operations are received primarily from state through 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.

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 also receives 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)**

Net Position and Fund Balance Classification

*Government-wide financial statements*

Equity is classified as net position and displayed in three 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 does not meet the definition of "restricted" or "net investment in capital assets".

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

*Fund financial statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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 expected to be converted to cash or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories and prepaid expenses.
- b) Restricted – this classification includes fund balance category amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The restricted balance at year end pertains to the National School Lunch Program.
- 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 that is 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. Assigned fund balances at year end pertain to the Internal Student Activities Account.
- e) 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.

## **Note 1 – Summary of Significant Accounting Policies (continued)**

### Income Taxes

Mater Academy, Inc. 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.

### New Account Standards Adopted

During the year, the School adopted new statement of financial accounting standard issued by Governmental Accounting Standards Board: Statement No. 84 Fiduciary Activities. See Note 10.

The School elected to early adopt Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the School's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School's 2021 financial statements and had no effect on the beginning net position of the General Fund as the lease agreement's commencement date was October 2020. The School recognized \$23,775,157 in net book value for the intangible right to use and a lease liability of \$23,775,157 for the School's premises. See Note 6.

### 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.

### 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **Note 2 – Cash and Investments**

### Deposits

The School maintains its cash in two financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Mater Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Mater Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2021, bank balances in potential excess of FDIC coverage was \$405,375.

**Note 2 – Cash and Investments (continued)**

Investments

The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

At June 30, 2021, the School had \$3,390,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2021, maturities of the fund's portfolio holdings are approximately 79% within 30 days.

Credit Risk

*Concentration of credit risk* is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's and is issued by Morgan Stanley.

*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. At June 30, 2021, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

*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.



iMater Preparatory Academy High School  
(A Charter School under Mater Academy, Inc.)  
Notes to Financial Statements  
June 30, 2021

**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 07/01/20	Additions	Reclassifications/ Retirements	Balance 06/30/21
Capital assets, depreciable:				
Leasehold Improvements	\$ 68,408	\$ -	\$ -	68,408
Computer equipment and software	470,874	49,722	(187,853)	332,743
Furniture and equipment	1,099,828	38,352	(517,769)	620,411
Motor vehicles	70,320	-	-	70,320
Total Capital Assets	<u>\$ 1,709,430</u>	<u>\$ 88,074</u>	<u>\$ (705,622)</u>	<u>\$ 1,091,882</u>
Less Accumulated Depreciation:				
Leasehold Improvements	\$ (27,196)	\$ (13,033)	\$ -	\$ (40,229)
Computer equipment and software	(380,532)	(29,547)	187,853	(222,226)
Furniture and equipment	(703,336)	(74,916)	517,769	(260,483)
Motor vehicles	(35,259)	(28,029)	-	(63,288)
Total Accumulated Depreciation	<u>(1,146,323)</u>	<u>(145,525)</u>	<u>705,622</u>	<u>(586,226)</u>
Capital Assets, net	<u>\$ 563,107</u>	<u>\$ (57,451)</u>	<u>\$ -</u>	<u>\$ 505,656</u>

The following schedule provides changes in other assets:

	Balance 07/01/20	Additions	Retirement	Balance 06/30/21
Right-to-use lease asset	\$ -	\$ 23,775,157	\$ -	\$ 23,775,157
Accumulated amortization	-	(444,395)	-	(444,395)
Right-to-use lease asset, net	<u>\$ -</u>	<u>\$ 23,330,762</u>	<u>\$ -</u>	<u>\$ 23,330,762</u>

For the fiscal year ended June 30, 2021, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	Depreciation	Amortization
Instruction	\$ 80,964	\$ -
School administration	234	-
Food services	5,513	-
Maintenance of plant	2,070	-
Operation of plant	56,744	444,395
Total Depreciation Expense	<u>\$ 145,525</u>	<u>\$ 444,395</u>

**Note 4 –Education Service and Support Provider**

Academica Dade, LLC, an educational 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, financial reporting, and virtual education services. The agreement calls for a fee on a per student basis.

The agreement is with Mater Academy, Inc. through June 30, 2022, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2021, the School incurred \$467,325 in fees related to this agreement.

**Note 5 –Transactions With Other Divisions of Mater Academy, Inc.**

For 2021, the School’s facility was shared with iMater Academy Middle School (a charter school under Mater Academy, Inc.). Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment and usage of facilities and staff to these schools.

Mater Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. iMater Preparatory Academy High School paid Mater Academy, Inc. approximately \$207,700 in connection with these charges during the year.

During 2021, the School paid approximately \$5,000 to Mater Virtual Academy, a private virtual instruction provider operated by Mater Academy, Inc., for the use of its education technology. In addition, during the year the School paid Doral College approximately \$72,000 for the use of its course materials and content.

The School has made long term, non-interest bearing advances to other divisions of Mater Academy, Inc. Changes in long term receivables during the year are as follow:

	Balance 07/01/20	Advances	Collections	Balance 06/30/21
Mater Academy Inc. - Corporate account	\$ 400,000	\$ -	\$ -	\$ 400,000
Total Long Term Receivable	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,000</u>

## **Note 6 – Commitments, Contingencies, and Concentrations**

In previous years, Mater Academy, Inc. entered into both lease and space sublease agreements with Hialeah School Development 2, LLC and Mater Academy Foundation Inc., respectively. Mater Academy Foundation, Inc. was the tenant under a master lease agreement with Hialeah School Development, LLC. Mater Academy Foundation, Inc. is a not-for-profit supporting organization of Mater Academy, Inc. under Section 509(a)(3) of the Internal Revenue Code. These charter school facilities consist of approximately 100,000 rentable square feet. The School also occupies an additional facility known as the Annex which was owned directly by Mater Academy, Inc. and for which through a board resolution, the School paid a certain amount of rent to Mater Academy, Inc.

On October 20, 2020, all three facilities occupied by the School were acquired by Mater Academy Foundation Inc. As a result, the previous agreements were terminated and Mater Academy, Inc. entered into a new lease and security agreement with Mater Academy Foundation Inc. This new agreement continues through June 30, 2056, with two options to renew of five additional years each. This agreement calls for rent at a rate of \$1,250 per full-time student equivalent with a minimum enrollment of 2,080 students per year. Annual payments under this agreement are adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance, and insurance.

Under the agreement, Mater Academy, Inc. must meet certain requirements and covenants including maintaining a “Fixed Charges Coverage Ratio” of not less than 1.10 to 1.00 and in addition, it grants a valid first lien on pledge revenues, which includes all funds related to the School.

Payments for the lease agreement are allocated between the schools at this facility based on enrollment and usage of facility. The allocation used for 2021, was approximately 55% for the School and 45% for iMater Academy Middle School.

For 2021, rent expense for the School was \$516,431 and interest expense totaled \$790,140, as it relates to its lease agreements. Rent expense includes \$104,000 paid to Mater Academy Inc for the annex facility and \$67,600 paid directly to Hialeah School Development 2, LLC. The remaining expenses relate to the agreements with Mater Academy Foundation, Inc.

The School has early implemented GASB Statement No. 87 *Leases*, and as a result recorded a lease right of use asset and liability in these financial statements. At the time of the initial measurement, there was no interest rate specified in the original lease agreement.

The School has used an average effective interest for several borrowings during FY 2021. The average borrowing rate was 5% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of June 30, 2021.

**Note 6 – Commitments, Contingencies, and Concentrations (continued)**

Annual requirements to amortize this lease liability and related interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2022	\$ 255,197	\$ 1,174,803	\$1,430,000	
2023	\$ 268,254	\$ 1,161,746	\$1,430,000	
2024	\$ 281,978	\$ 1,148,022	\$1,430,000	
2025	\$ 296,405	\$ 1,133,595	\$1,430,000	
2026	\$ 311,570	\$ 1,118,431	\$1,430,000	
2027-2031	\$ 1,813,904	\$ 5,336,096	\$7,150,000	(total for five-year period)
2032-2036	\$ 2,327,889	\$ 4,822,111	\$7,150,000	(total for five-year period)
2037-2041	\$ 2,987,517	\$ 4,162,483	\$7,150,000	(total for five-year period)
2042-2046	\$ 3,834,056	\$ 3,315,945	\$7,150,000	(total for five-year period)
2047-2051	\$ 4,920,468	\$ 2,229,532	\$7,150,000	(total for five-year period)
2052-2056	\$ 6,314,726	\$ 835,274	\$7,150,000	(total for five-year period)

Changes in long term liabilities during the year are as follows:

	<u>Balance</u> <u>07/01/20</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>06/30/21</u>
Lease liability	\$ -	\$ 23,775,157	\$(163,193)	\$ 23,611,964

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**Contingencies and Concentrations**

The School receives substantially all of its funding from the state through 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.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% (2% for high performing schools) of the qualifying revenues of the School. For the year ended June 30, 2021, administrative fees withheld by the School District totaled \$33,907.

**Note 7 – Inter-fund Transfer**

Inter-fund transfers in governmental funds as of June 30, 2021 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
Transfer in beginning internal student activities account balance	\$ (14,698)	\$ 14,698	\$ -
To fund ESSER federal expenditures for which revenues were not available	\$ (612,563)	\$ 612,563	
To fund GEER federal expenditures for which revenues were not available	(186,837)	186,837	-
Total Transfers, net	<u>\$ (814,098)</u>	<u>\$ 814,098</u>	<u>\$ -</u>
Due to General Fund from Capital Projects Fund for capital outlay	\$ 58,520	\$ -	\$ (58,520)
Due to General Fund from Special Revenue Fund for Title IV	31,402	(31,402)	-
Total Due from/(Due to)	<u>\$ 89,922</u>	<u>\$ (31,402)</u>	<u>\$ (58,520)</u>

**Note 8 – Risk Management**

The School is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; administrative errors and omissions; personal injury; workers compensation; and natural disasters; for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School has entered into a strategic relationship with ADP TotalSource Group, Inc., a human resource management firm, typically known as “Professional Employer Organization” (PEO). Under a co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

**Note 9 – Defined Contribution Retirement Plan**

The School’s personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School matches 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$62,141 for the year ended June 30, 2021. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

**Note 10 – Implementation of GASB 84**

As of July 1, 2020, the School implemented GASB Statement No. 84. Fiduciary Activities. This Statement establishes new criteria for identifying fiduciary activities which, when met, require that activities be reported in a fiduciary fund in the basic financial statements. Items previously reported as part of the agency fund classification of the Fiduciary Fund statements were reviewed to evaluate if they met the new custodial funds criteria. The School identified the School’s internal account as non-fiduciary and re-categorized them as assigned in the Special Revenue Fund.

The government-wide net position and fund balances were restated as a result of the implementation of GASB Statement No. 84 as follows:

	Fiscal Year June 30, 2020 <u>Original</u>	GASB Statement No.84 <u>        </u>	Fiscal Year June 30, 2021 <u>(Restated)</u>
Net change in fund balances	\$ 194,139	\$ -	\$ 194,139
Fund balances (deficit) at beginning	2,810,193	-	2,810,193
Restatement of beginning fund balances	<u>-</u>	<u>134,986</u>	<u>134,986</u>
Fund balances (deficit) at the end of year	3,004,332	134,986	3,139,318
Change in net position	343,101	-	343,101
Net position (deficit), beginning	3,624,338	-	3,624,338
Restatement of beginning net position	<u>-</u>	<u>134,986</u>	<u>134,986</u>
Net position (deficit), ending	\$ 3,967,439	\$ 134,986	\$ 4,102,425

REQUIRED SUPPLEMENTARY INFORMATION

iMater Preparatory Academy High School  
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2021

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 6,992,998	\$ 7,449,156	\$ 7,462,321
Charges for services and other revenue	25,600	25,900	27,951
Total Revenues	<u>7,018,598</u>	<u>7,475,056</u>	<u>7,490,272</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	3,627,880	3,567,077	3,559,098
Student support services	70,800	81,212	63,856
Instructional staff training			-
Board	70,800	71,000	64,935
School administration	750,270	669,092	667,019
Fiscal services	155,400	156,000	155,775
Central services	181,400	182,000	175,095
Operation of plant	1,506,706	1,357,111	1,342,083
Maintenance of plant	138,000	152,500	151,950
Administrative technology services	22,280	30,888	29,895
Total Current Expenditures	<u>6,523,536</u>	<u>6,266,880</u>	<u>6,209,706</u>
Excess of Revenues Over Current Expenditures	<u>495,062</u>	<u>1,208,176</u>	<u>1,280,566</u>
Debt Service:			
Principal	-	163,193	163,193
Interest	-	5,976	5,976
Capital Outlay	-	90,000	88,074
Total Capital Outlay and Debt Service Expenditures	<u>-</u>	<u>259,169</u>	<u>257,243</u>
Total Expenditures	<u>6,523,536</u>	<u>6,526,049</u>	<u>6,466,949</u>
Excess of Revenues Over Expenditures	495,062	949,007	1,023,323
Other financing sources (uses):			
Transfers in (out)	<u>-</u>	<u>(810,290)</u>	<u>(814,098)</u>
Net change in fund balance	495,062	138,717	209,225
Fund Balance at beginning of year	<u>2,793,985</u>	<u>2,793,985</u>	<u>2,793,985</u>
Fund Balance at end of year	<u>\$ 3,289,047</u>	<u>\$ 2,932,702</u>	<u>\$ 3,003,210</u>

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.



iMater Preparatory Academy High School  
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2021

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State capital outlay funding	\$ 826,500	\$ 784,200	\$ 784,164
Total Revenues	826,500	784,200	784,164
<b>EXPENDITURES</b>			
Current:			
Operation of Plant			-
Total Current Expenditures	-	-	-
Excess of Revenues Over Current Expenditures	826,500	784,200	784,164
Debt Service:			
Principal	-	-	-
Interest	826,500	784,200	784,164
Capital Outlay			
Right to use asset (building)	-	23,775,157	23,775,157
Other Capital Outlay	-	-	-
Total Capital Outlay and Debt Service Expenditures	826,500	24,559,357	24,559,321
Total Expenditures	826,500	24,559,357	24,559,321
Excess (deficit) of Revenues Over Expenditures	-	(23,775,157)	(23,775,157)
Other financing sources (uses)			
Increase in lease liability		23,775,157	23,775,157
Transfers in (out)	-	-	-
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

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.



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

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To the Board of Directors of  
iMater Preparatory Academy High School  
Hialeah, Florida

We have audited, 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., the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of iMater Preparatory Academy High School (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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 issued 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2021



## MANAGEMENT LETTER

Board of Directors of  
iMater Preparatory Academy High School  
Hialeah, Florida

### **Report on the Financial Statements**

We have audited the financial statements of iMater Preparatory Academy High School 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **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 those reports and schedules, 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 findings 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 is iMater Preparatory Academy High School, (W/L# 7090).

**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 iMater Preparatory Academy High 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 iMater Preparatory Academy High 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 iMater Preparatory Academy High School. It is management's responsibility to monitor iMater Preparatory Academy High 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.

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 14, 2021