



**Lincoln-Marti Charter Schools, Inc.
International Campus Charter School
(A Component Unit of the School Board
of Miami-Dade County)**

Financial Statements
Years Ended June 30, 2021 and 2020

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
International Campus Charter School
(A Component Unit of the School Board of Miami-Dade County)
Miami, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of Lincoln-Marti Charter Schools, Inc. (International Campus Charter School) (the "School"), (a Component Unit of the School Board of Miami-Dade County), 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's 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 opinions.

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 within one year after the date that the financial statements are issued or available to be issued.



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 auditor's 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 GAAS, 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 School'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 School'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.

Emphasis of Matter - Presentation

As discussed in Note 1, the financial statements of the School are intended to present the financial position and the change in financial position of only that portion of the governmental activities and fund information of Lincoln-Marti Charter Schools, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Lincoln-Marti Charter Schools, Inc., as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Other Matters

Prior Year Financial Statements

The financial statements of the School as of and for the year ended June 30, 2020 were audited by Morrison, Brown, Argiz & Farra, LLC ("MBAF"), whose partners and professional staff joined BDO USA, LLP as of January 16, 2021, and has subsequently ceased operations. MBAF expressed an unmodified opinion on those statements in their report dated August 28, 2020.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and budgetary comparison information on pages 26 through 27 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 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, 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 the School's internal control over financial reporting and compliance.

August 27, 2021
Miami, Florida

BDO USA, LLP

Certified Public Accountants

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

As management of Lincoln-Marti Charter Schools, Inc. (International Campus Charter School) (the "School"), we offer readers this narrative overview and analysis of the financial activities of the School as of and for the years ended June 30, 2021 and 2020.

Management's discussion and analysis provides, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audited financial statements, which consists of the financial statements and supplementary information intended to furnish additional detail to support the financial statements themselves.

Financial Highlights

Our financial statements provide these insights into the results of the current and prior year's operations.

The School's current year of operations generated a change in net position of \$63,969 compared to last year's change in net position of \$50,976. Revenues for the year ended June 30, 2021 decreased from the prior year by approximately \$139,000 as a result of a decrease in FTE revenues, local grants and other and contributions of approximately \$18,000, \$111,000 and \$10,000 respectively. Expenses during the year ended June 30, 2021 decreased over prior year by approximately \$152,000. As a result of the School's decrease in revenues, certain expenses including fiscal services, food services, central services, and school administration also decreased.

The net position of the School at June 30, 2021 and 2020 was \$1,135,633 and \$1,071,664, of which \$715,059 and \$658,259 were unrestricted, respectively.

Using this Annual Report

This discussion and analysis is intended to serve as an introduction to the School's financial statements. The School's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the 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 *statements of net position* present information on all the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The *statements of activities* present information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all *governmental activities* that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any *business-type activities*. The governmental activities of the School primarily include instructional and support services.

The government-wide financial statements can be found on pages 10 through 12 of this report.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021 AND 2020

Using this Annual Report (Continued)

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's only fund is the General Fund, a governmental fund type.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near term inflow and outflow of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School maintains only one governmental fund type, which is the General Fund. Information is presented in the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund.

The School adopts an annual budget for its governmental fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget and is presented as required supplementary information.

The governmental fund financial statements can be found on pages 13 through 15 of this report.

Notes to the Basic Financial Statements

The notes 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 basic financial statements can be found on pages 16 through 24 of this report.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information for the School's general fund. required supplementary information can be found on pages 26 through 27 of this report.

Our auditor has provided reasonable assurance in their independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts listed in the table of contents.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021 AND 2020

Government – Wide Financial Analysis

The School's net position was \$1,135,633 and \$1,071,664 as of June 30, 2021 and 2020, respectively, of which \$715,059 and \$658,259 were unrestricted, respectively.

Our analysis of the financial statements of the School begins below. The Statements of Net Position and the Statements of Activities report information about the School's activities that will help answer questions about the position of the School.

Net Position

A summary of the School's Net Position is presented in Table A-1 and a summary of the changes in net position is presented in Table A-2.

**Table A-1
Summary of net position**

| | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|---------------------------------------|----------------------|----------------------|
| Current assets | \$ 1,002,188 | \$ 921,599 |
| Capital assets, net | 420,574 | 413,405 |
| Total assets | <u>1,422,762</u> | <u>1,335,004</u> |
| Accounts payable and accrued expenses | 223,708 | 219,038 |
| Wages payable | 63,421 | 44,302 |
| Total liabilities | <u>287,129</u> | <u>263,340</u> |
| Investment in capital assets | 420,574 | 413,405 |
| Unrestricted | 715,059 | 658,259 |
| Total net position | <u>\$ 1,135,633</u> | <u>\$ 1,071,664</u> |

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021 AND 2020

Government-Wide Financial Analysis (Continued)

Net Position (Continued)

Table A-2
Summary of changes in net position

| | Years ended June 30, | |
|---|----------------------|---------------------|
| | 2021 | 2020 |
| REVENUES: | | |
| State FTE revenues | \$ 2,156,872 | \$ 2,175,116 |
| Local grants and other | 414,384 | 525,220 |
| Contributions | 446,098 | 455,650 |
| Total Revenues | <u>3,017,354</u> | <u>3,155,986</u> |
| EXPENSES: | | |
| Instruction | 1,021,187 | 915,328 |
| Instruction and curriculum development services | 38,843 | 47,038 |
| Instructional staff training services | 12,413 | 7,495 |
| Instruction related technology | 1,724 | 3,967 |
| School board | 65,137 | 66,596 |
| School administration | 524,447 | 657,963 |
| Fiscal services | 138,148 | 164,055 |
| Food services | 146,098 | 205,650 |
| Central services | 104,322 | 128,245 |
| Student transportation services | 27,625 | 27,625 |
| Operation of plant | 718,005 | 690,454 |
| Maintenance of plant | 155,436 | 190,594 |
| Total Expenses | <u>2,953,385</u> | <u>3,105,010</u> |
| Change in net position | 63,969 | 50,976 |
| Net position, beginning | <u>1,071,664</u> | <u>1,020,688</u> |
| Net position, ending | <u>\$ 1,135,633</u> | <u>\$ 1,071,664</u> |

As noted in Table A-2, the cost of all governmental activities during the years ended June 30, 2021 and 2020 was \$2,953,385 and \$3,105,010, respectively. The majority of these activities were financed through general revenues of \$2,513,021 and \$2,566,722, which primarily consist of FTE funding from the State, for the years ended June 30, 2021 and 2020, respectively.

See "Financial Highlights" on page 4 of this report, for a further explanation of the reason for the increase in net position.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021 AND 2020

Financial Analysis of the School's Funds

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

Governmental fund - The focus of the School's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the School's fiscal year of operations for 2021 and 2020, fund balance of the General Fund was \$715,059 and \$658,259, respectively. The General Fund is the chief operating fund and only fund of the School.

A summary of the General Fund's condensed balance sheets and statements of revenues, expenditures and changes in fund balance is presented in Table B-1 and B-2 as of and for the years ended June 30, 2021 and 2020.

**Table B-1
Summary of Condensed Balance Sheets**

| | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|------------------------------------|----------------------|----------------------|
| Total assets | \$ 1,002,188 | \$ 921,599 |
| Total liabilities | \$ 287,129 | \$ 263,340 |
| Total fund balance | <u>715,059</u> | <u>658,259</u> |
| Total liabilities and fund balance | <u>\$ 1,002,188</u> | <u>\$ 921,599</u> |

**Table B-2
Summary of Condensed Statements of Revenues, Expenditures and Changes in Fund Balance**

| | <u>Years ended June 30,</u> | |
|------------------------|-----------------------------|-------------------|
| | <u>2021</u> | <u>2020</u> |
| Total revenues | \$ 3,017,354 | \$ 3,155,986 |
| Total expenditures | <u>2,960,554</u> | <u>3,028,093</u> |
| Change in fund balance | <u>\$ 56,800</u> | <u>\$ 127,893</u> |

Major Governmental Funds Budgeting and Operating Highlights

An operating budget was adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the budget during the year ended June 30, 2021.

The General Fund's actual revenues were \$3,017,354 for the year ended June 30, 2021; this amount was above the budget estimates primarily due to state FTE revenues and contributions. The actual expenditures of the General Fund were \$2,960,554 for the year ended June 30, 2021. This amount was above the budget estimates primarily due to higher than expected instruction, operation of plant, school administration and central services expenses for fiscal year 2021.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2021 AND 2020

Capital Assets

At June 30, 2021 and 2020, the School had \$1,575,899 and \$1,429,170 invested in improvements other than buildings, classroom furniture, fixtures, equipment, and other of which \$1,155,325 and \$1,015,765 has been depreciated, which resulted in a net book value of \$420,574 and \$413,405, respectively. Total additions for the fiscal years 2021 and 2020 were \$146,729 and \$94,274, respectively.

Economic Factors and Next Year's Budget

The State of Florida education funding for the Florida Education Finance Program for the fiscal year 2021-2022 minimally increased. These factors were considered in preparing the School's budget for fiscal year 2021-2022.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Directors of Lincoln-Marti Charter Schools, Inc., 2700 SW 8th Street, Miami, FL 33135.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

STATEMENTS OF NET POSITION
JUNE 30,

| ASSETS | 2021 | 2020 |
|--|----------------------------|----------------------------|
| Cash | \$ 988,145 | \$ 901,925 |
| Due from other agencies | 8,938 | 14,569 |
| Prepaid expenses | 5,105 | 5,105 |
| Capital assets: | | |
| Improvements other than buildings | 380,718 | 380,718 |
| Classroom furniture, fixtures, equipment and other | 1,195,181 | 1,048,452 |
| Less accumulated depreciation | <u>(1,155,325)</u> | <u>(1,015,765)</u> |
| TOTAL ASSETS | <u>\$ 1,422,762</u> | <u>\$ 1,335,004</u> |
| LIABILITIES AND NET POSITION | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 223,708 | \$ 219,038 |
| Wages payable | <u>63,421</u> | <u>44,302</u> |
| TOTAL LIABILITIES | <u>287,129</u> | <u>263,340</u> |
| NET POSITION | | |
| Investment in capital assets | 420,574 | 413,405 |
| Unrestricted | <u>715,059</u> | <u>658,259</u> |
| TOTAL NET POSITION | <u>1,135,633</u> | <u>1,071,664</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 1,422,762</u> | <u>\$ 1,335,004</u> |

The accompanying notes are an integral part of these financial statements

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position |
|---|-----------------------|----------------------------|--|-------------------|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants | |
| Governmental Activities: | | | | | |
| Instruction | \$ (1,021,187) | \$ - | \$ 195,209 | \$ - | \$ (825,978) |
| Instruction and curriculum development services | (38,843) | - | - | - | (38,843) |
| Instructional staff training services | (12,413) | - | - | - | (12,413) |
| Instruction related technology | (1,724) | - | - | - | (1,724) |
| School board | (65,137) | - | - | - | (65,137) |
| School administration | (524,447) | - | - | - | (524,447) |
| Fiscal services | (138,148) | - | - | - | (138,148) |
| Food services | (146,098) | - | 146,098 | - | - |
| Central services | (104,322) | - | - | - | (104,322) |
| Student transportation services | (27,625) | - | - | - | (27,625) |
| Operation of plant | (718,005) | - | - | 163,026 | (554,979) |
| Maintenance of plant | (155,436) | - | - | - | (155,436) |
| Total governmental activities | <u>\$ (2,953,385)</u> | <u>\$ -</u> | <u>\$ 341,307</u> | <u>\$ 163,026</u> | <u>\$ (2,449,052)</u> |
| General Revenues: | | | | | |
| State FTE revenues | | | | | \$ 2,156,872 |
| Other local grants and contributions | | | | | 356,149 |
| Total general revenues | | | | | <u>\$ 2,513,021</u> |
| Change in net position | | | | | \$ 63,969 |
| Net position, beginning | | | | | 1,071,664 |
| Net position, ending | | | | | <u>\$ 1,135,633</u> |

The accompanying notes are an integral part of these financial statements

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) |
|---|-----------------------|----------------------------|--|-------------------|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants | Revenues and Changes in Net Position Governmental Activities Total |
| Governmental Activities: | | | | | |
| Instruction | \$ (915,328) | \$ - | \$ 193,550 | \$ - | \$ (721,778) |
| Instruction and curriculum development services | (47,038) | - | - | - | (47,038) |
| Instructional staff training services | (7,495) | - | - | - | (7,495) |
| Instruction related technology | (3,967) | - | - | - | (3,967) |
| School board | (66,596) | - | - | - | (66,596) |
| School administration | (657,963) | - | - | - | (657,963) |
| Fiscal services | (164,055) | - | - | - | (164,055) |
| Food services | (205,650) | - | 205,650 | - | - |
| Central services | (128,245) | - | - | - | (128,245) |
| Student transportation services | (27,625) | - | - | - | (27,625) |
| Operation of plant | (690,454) | - | - | 190,064 | (500,390) |
| Maintenance of plant | (190,594) | - | - | - | (190,594) |
| Total governmental activities | <u>\$ (3,105,010)</u> | <u>\$ -</u> | <u>\$ 399,200</u> | <u>\$ 190,064</u> | <u>\$ (2,515,746)</u> |
| General Revenues: | | | | | |
| State FTE revenues | | | | | \$ 2,175,116 |
| Other local grants and contributions | | | | | <u>391,606</u> |
| Total general revenues | | | | | <u>\$ 2,566,722</u> |
| Change in net position | | | | | \$ 50,976 |
| Net position, beginning | | | | | <u>1,020,688</u> |
| Net position, ending | | | | | <u>\$ 1,071,664</u> |

The accompanying notes are an integral part of these financial statements

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

BALANCE SHEETS – GOVERNMENTAL FUND
JUNE 30,

| ASSETS | 2021 | 2020 |
|---|---------------------|---------------------|
| Cash | \$ 988,145 | \$ 901,925 |
| Due from other agencies | 8,938 | 14,569 |
| Prepaid expenses | 5,105 | 5,105 |
| TOTAL ASSETS | \$ 1,002,188 | \$ 921,599 |
| LIABILITIES AND FUND BALANCE | | |
| Accounts payable | \$ 223,708 | \$ 219,038 |
| Wages payable | 63,421 | 44,302 |
| TOTAL LIABILITIES | \$ 287,129 | \$ 263,340 |
| FUND BALANCE: | | |
| Nonspendable | \$ 5,105 | \$ 5,105 |
| Unassigned | 709,954 | 653,154 |
| TOTAL FUND BALANCE | \$ 715,059 | \$ 658,259 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds | 420,574 | 413,405 |
| Net position of governmental activities | \$ 1,135,633 | \$ 1,071,664 |

The accompanying notes are an integral part of these financial statements

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEARS ENDED JUNE 30,

| | 2021 | 2020 |
|---|--------------------------|--------------------------|
| REVENUES: | | |
| State FTE revenues | \$ 2,156,872 | \$ 2,175,116 |
| Local grants and other | 414,384 | 525,220 |
| Contributions | 446,098 | 455,650 |
| Total revenues | <u>3,017,354</u> | <u>3,155,986</u> |
| EXPENDITURES: | | |
| Instruction | 1,021,187 | 915,328 |
| Instruction and curriculum development services | 38,843 | 47,038 |
| Instructional staff training services | 12,413 | 7,495 |
| Instruction related technology | 1,724 | 3,967 |
| School board | 65,137 | 66,596 |
| School administration | 524,447 | 657,963 |
| Fiscal services | 138,148 | 164,055 |
| Food services | 146,098 | 205,650 |
| Central services | 104,322 | 128,245 |
| Student transportation services | 27,625 | 27,625 |
| Operation of plant | 864,734 | 784,728 |
| Maintenance of plant | 15,876 | 19,403 |
| Total expenditures | <u>2,960,554</u> | <u>3,028,093</u> |
| Change in fund balance | 56,800 | 127,893 |
| Fund balance at beginning of year | <u>658,259</u> | <u>530,366</u> |
| Fund balance at end of year | <u>\$ 715,059</u> | <u>\$ 658,259</u> |

The accompanying notes are an integral part of these financial statements

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

RECONCILIATION OF THE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,

| | 2021 | 2020 |
|--|-------------------------|-------------------------|
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Net change in fund balances —total governmental fund | \$ 56,800 | \$ 127,893 |
| Expenditures for capital assets | 146,729 | 94,274 |
| Less depreciation | <u>(139,560)</u> | <u>(171,191)</u> |
| Change in net position of governmental activities | <u>\$ 63,969</u> | <u>\$ 50,976</u> |

The accompanying notes are an integral part of these financial statements

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

On January 14, 2009, the Miami-Dade County School Board approved the application submitted by the Board of Directors of Lincoln-Marti Charter Schools, Inc. for the creation of Lincoln-Marti Charter School (International Campus Charter School) (the "School"). Lincoln-Marti Charter School, Inc. (the "Organization") is a non-profit organization incorporated under the laws of Florida to operate charter schools organized pursuant to Section 1002.33 of the Florida Statutes. The governing body of the School is the Organization's Board of Directors.

The School operates under a charter of the sponsoring school district, the Miami-Dade County School Board (the "School Board"). The School's charter was approved by the School Board on January 14, 2009 and is effective as of July 15, 2010 (Inception) until June 30, 2035, as amended. Pursuant to Section 1002.33(8)(e), of the Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the School Board. During the term of the charter, the School Board may also terminate the charter if good cause is shown. For financial reporting purposes, the School is considered a component unit of the School Board of Miami-Dade County and is included in the School Board's comprehensive annual financial report.

Enrollment and Grade Configuration

| <u>School Name and Address</u> | <u>Grades</u> | <u>Enrollment</u> |
|--|---------------|-------------------|
| Lincoln-Marti Charter Schools, Inc. (International Campus Charter School) 157-151 East Lucy Street Florida City, FL 33034 | K - 8 | 255 |

Board of Directors

The Board of Directors of the Lincoln-Marti Charter School, Inc. consists of the following members:

| | |
|-------------------|--------------------------|
| Martin Anorga | President/Chairperson |
| Clay Reiner | Vice President/Secretary |
| Juan C. Alcantara | Treasurer |

Financial Statement Presentation

For financial reporting purposes, International Campus Charter School is a Charter School operated by Lincoln-Marti Charter Schools, Inc.

The financial statements present the government-wide statements, balance sheets and statements of revenues, expenditures and changes in fund balance for the International Campus Charter School of Lincoln-Marti Charter Schools, Inc. only and do not represent a complete presentation of the assets, liabilities, net position, statements of activities and cash flows of the Organization. Accordingly, the accompanying financial statements are not intended to present the financial position of the Organization as of June 30, 2021 and 2020 or its changes in net position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government - Wide and Fund Financial Statements

The School's government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all of the activities of the School. Governmental activities are supported by Full-Time Equivalent (FTE) dollars and intergovernmental revenues.

The statements of activities demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) Florida Department of Education ("FDOE") funding through the Florida Education Finance Program, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital requirements of a particular function. FTE dollars and other items not properly included among program revenues are reported instead as general revenues.

The *General Fund* is the School's only operating fund and its only governmental fund. It accounts for all financial resources of the School.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The School's government-wide financial statements are reported 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The School's fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

FTE dollars, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America 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.

Assets, Liabilities and Net Position

Cash and Cash Equivalents

The School considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. The School has no cash equivalents at June 30, 2021 and 2020.

Due from Other Agencies

The due from other agencies in the accompanying statements of net position and balance sheets – governmental funds represents capital outlay funds receivable from the School Board. These receivables are considered to be fully collectible and as such, no allowance for uncollectable accounts is recorded. For the years ended June 30, 2021 and 2020, the amount due from other agencies was \$8,938 and \$14,569, respectively.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position (Continued)

Prepaid Expenses

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements. The cost of prepaid expenses is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include improvements other than buildings and classroom furniture, fixtures, equipment, and other are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual or collective cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|--|--------------|
| Improvements other than buildings | 10 |
| Classroom furniture, fixtures, equipment and other | 3 - 7 |

Deferred Outflows/Inflows of Resources

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

Fund Balance/Net Position

GASB defines fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventories and prepayments) or (b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position (Continued)

Fund Balance/Net Position (Continued)

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors. These amounts cannot be used for any other purpose unless the School's Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School's Board of Directors.

Unassigned - This classification consists of the fund balance for the General Fund. Unassigned amounts are the portion of fund balance which is not obligated or specifically designated and is available for any purpose.

The government - wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Investment in Capital Assets - is intended to reflect the portion of net position which is associated with non-liquid capital assets.

Restricted Net Position - represent liquid assets (generated from revenues and not bond proceeds) which have third party (statutory, bond covenant or granting agency) limitations on their use. The School would typically use restricted net position first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or for replacement equipment acquisition.

Unrestricted Net Position - represent unrestricted assets.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for a purpose in which both restricted and unrestricted funds are available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School has provided otherwise in its commitment or assigned actions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may differ from actual results.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter, the School reports the number of full-time equivalent students and related data to the School Board. Under the provisions of Section 1011.62, of the Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE 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 full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

In-kind Revenue and Expense

The School records the value of donated goods when there is an objective basis available to measure the value. Donated items are reflected as contributions in the accompanying financial statements at their fair market values at date of receipt and consist of food contributed for the School's students. The School recognizes the value of donated goods as in-kind revenue and expense. During the years ended June 30, 2021 and 2020, the School recognized in-kind revenue and expense of approximately \$146,000 and \$206,000, respectively.

Income Taxes

The School is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The School currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded as of June 30, 2021 and 2020.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively. No uncertain tax positions were identified by the School as of June 30, 2021 and 2020.

The U.S. federal jurisdiction is the major tax jurisdictions where the School files income tax returns. The School is generally no longer subject to U.S. Federal or State examinations by tax authorities for fiscal years before 2018.

Subsequent Events

The School has evaluated subsequent events through August 27, 2021 which is the date the financial statements were available to be issued.

2. CASH

The School's cash includes cash held in a demand deposit account. At June 30, 2021 and 2020, the carrying amount of the School's deposits were \$988,145 and \$901,925, respectively, while the bank balances of such deposits were \$843,946 and \$767,636, respectively. The School's deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). At times, bank balances are in excess of the FDIC coverage. All cash in the bank is held in banking institutions approved by the State of Florida, State Treasurer.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

3. CAPITAL ASSETS

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|------------------------|--------------------|---------------------------|
| Capital assets, being depreciated: | | | | |
| Improvements other than buildings | \$ 380,718 | \$ - | \$ - | \$ 380,718 |
| Classroom furniture, fixtures, equipment and other | 1,048,452 | 146,729 | - | 1,195,181 |
| Total capital assets being depreciated | <u>1,429,170</u> | <u>146,729</u> | <u>-</u> | <u>1,575,899</u> |
| Less accumulated depreciation for: | | | | |
| Improvements other than buildings | (260,675) | (32,854) | - | (293,529) |
| Classroom furniture, fixtures, equipment and other | (755,090) | (106,706) | - | (861,796) |
| Total accumulated depreciation | <u>(1,015,765)</u> | <u>(139,560)</u> | <u>-</u> | <u>(1,155,325)</u> |
| Total capital assets being depreciated, net | <u>\$ 413,405</u> | <u>\$ 7,169</u> | <u>\$ -</u> | <u>\$ 420,574</u> |

Expenditures for capital assets during the fiscal years ended June 30, 2021 and 2020 were \$146,729 and \$94,724, respectively. For the years ended June 30, 2021 and 2020, depreciation expense was charged to functions/programs of the School as follows:

| | 2021 | 2020 |
|--------------------------|------------------|------------------|
| Governmental activities: | | |
| Maintenance of plant | <u>\$139,560</u> | <u>\$171,191</u> |

4. PAYCHECK PROTECTION PROGRAM LOAN

During the year ended June 30, 2020, the Organization applied for, and received, funds under the United States Business Administration (“SBA”) Paycheck Protection Program (“PPP”) in the amount of \$1,196,400. In accordance with the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act” (NOTE 8), only one PPP loan can be obtained per legal entity. As such, the loan obtained is collectively for all six campuses of Lincoln-Marti Charter Schools, Inc. Management of Lincoln-Marti Charter Schools, Inc. recorded the loan proceeds in Lincoln-Marti Charter Schools, Inc. – Little Havana Campus as the full amount of loan proceeds was deposited into Little Havana Campus’ bank account. As of June 30, 2021, the loan has an outstanding balance of \$1,196,400 and it is included in the financial statements of Little Havana Campus.

The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

4. PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. Funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent and utility costs and if the School retains employees during a specified period of time.

The SBA has stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. If the SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan, including interest and potential penalties. During the year ended June 30, 2021, the Organization applied for forgiveness. As of the date these financial statements were available to be issued, the forgiveness application is pending.

5. COMMITMENTS AND CONTINGENCIES

Lease Agreement with D.P. Real Estate Holdings, LLC

The School entered into a lease agreement for the School premises with D.P. Real Estate Holdings, LLC ("DP"), a related party, on May 1, 2017. The School is responsible for the leasehold improvements, repairs and maintenance, and the insurance of the properties. The lease term is for a period of nine years, expiring in 2026, and includes a provision for escalating annual rentals equal to rentals based on a rate of 4% per year.

The School's rent expense, excluding the effects of the straight line rent payable, for the years ended June 30, 2021 and 2020 was \$439,334 and \$406,189, respectively, which is included in the operation of plant on the statements of activities. Minimum required future rental payments under this operating lease as of June 30, 2021 are approximately as follows for the years ended June 30,:

| | | |
|------------|----|---------------------|
| 2022 | \$ | 439,000 |
| 2023 | | 457,000 |
| 2024 | | 475,000 |
| 2025 | | 494,000 |
| 2026 | | 514,000 |
| Thereafter | | 807,000 |
| | | \$ 3,186,000 |

Management Services Agreement

The School entered into a five year management agreement with a charter management company, Educational Management Associates, LLC ("EMA"), a related party, to provide management and administrative services to the School. The agreement expires on June 30, 2023. The agreement requires the School to pay, as compensation, a management fee of \$537 per FTE student per annum. Management fee expense during the years 2021 and 2020 was approximately \$138,000 and \$164,000, respectively, which is included in fiscal services on the statements of activities.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

5. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Management Services Agreement (Continued)

Management Company Information:

Name and Address
Educational Management Associates, LLC
2700 SW 8th Street
Miami, FL 33135

Risk Management

The School is exposed to various risks of loss related torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries property and liability insurance. Settlement amounts do not exceed insurance coverage. In addition, there have been no reductions of insurance coverage during the 2021 and 2020 fiscal years.

6. RELATED PARTY TRANSACTIONS

Related party transactions occurred during the current and prior year with the following entities:

School Board

Pursuant to the Charter School Agreement with the School Board, the School pays the School Board an administrative fee of up to five percent (5%) of its qualifying revenues of the School. During the years ended June 30, 2021 and 2020, approximately \$43,000 and \$45,000, respectively was paid to the School Board for administrative fees. Pursuant to the Charter School Agreement with the School Board, the School receives from the School Board an FTE for each full-time equivalent student enrolled. There were 255 and 305 full time students enrolled during the fiscal years ended June 30, 2021 and 2020, respectively. The School also receives other allowances based upon students enrolled.

D.P. Real Estate Holdings, LLC

The School is related to DP as a result of the School and DP sharing common management. During the years ended June 30, 2021 and 2020 lease expense, excluding the effects of the straight line rent payable, for the rental of the School property between DP and the School was approximately \$439,000 and \$423,000, respectively, which is included in the operation of plant caption on the statements of activities.

Educational Management Associates, LLC

The School is related to EMA as a result of the School and EMA sharing common management. During the years ended June 30, 2021 and 2020, the School incurred expenses under the term of the agreement with EMA of approximately \$138,000 and \$164,000, respectively, which are included in fiscal services on the statements of activities. As of June 30, 2020, the School had approximately \$14,000 in management fees due to EMA. There were no management fees due to EMA as of June 30, 2021.

U.S. Community Transportation, Inc.

The School is a related party to U.S. Community Transportation, Inc. ("USCT") as a result of sharing common management. The School paid USCT approximately \$28,000 for transportation services during each of the years ended June 30, 2021 and 2020.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

6. RELATED PARTY TRANSACTIONS (CONTINUED)

Lincoln-Martí Community Agency, Inc.

The School is a related party to Lincoln-Martí Community Agency, Inc. ("LMCA") as a result of the terms and conditions of the meal program and common management. The School participates in a meal program with LMCA, who purchases, prepares and delivers the food to the School. The School recorded approximately \$146,000 and \$206,000 in food services as an in-kind donation and expense during the years ended June 30, 2021 and 2020, respectively. LMCA made a cash contribution of \$300,000 and \$250,000 to the School during the years ended June 30, 2021 and 2020, respectively, to support its operations.

Libre, LLC

The School is related to Libre, LLC ("Libre") as a result of the School and Libre sharing common management. Libre provides advertising services to the School. During the years ended June 30, 2021 and 2020, the School paid \$75,000 and \$45,000, respectively, to Libre for advertising services provided.

7. INTERCOMPANY TRANSACTIONS

During the year ended June 30, 2020, the School made a contribution of approximately \$32,000 to the Charter High School of the Americas – Florida City Campus to supplement cash flows for its operations. There were no intercompany transactions during the year ended June 30, 2021.

8. RISKS AND UNCERTAINTIES

Current Vulnerability Due to Concentration

During the years ended June 30, 2021 and 2020, the School received most of its support from the School Board. It is reasonably possible that in the near term these programs could increase or decrease due to budget modifications at the School Board, which could affect the School and its ability to continue operations. The School has considered this possibility and would seek other funding sources to continue its operations if any decreases were to occur.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or cash flows for future years. While the ultimate outcome of this uncertainty is unknown, it is reasonably possible the future impact may be materially adverse.

On March 27, 2020, the CARES Act was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits and deferment of employer side social security payments. It also appropriated funds for the SBA PPP loans that are forgivable in certain situations to promote continued employment, as well as the SBA Economic Injury Disaster Loans ("EIDL") to provide liquidity to small businesses harmed by COVID-19. Refer to NOTE 4 for the PPP loan disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| REVENUES | | | | |
| State FTE revenues | \$ 1,200,734 | \$ 1,200,734 | \$ 2,156,872 | \$ 956,138 |
| Local grants and others | 846,648 | 846,648.00 | 414,384 | (432,264) |
| Contributions | 350,209 | 350,209 | 446,098 | 95,889 |
| Total revenues | <u>2,397,591</u> | <u>2,397,591</u> | <u>3,017,354</u> | <u>619,763</u> |
| EXPENDITURES | | | | |
| Instruction | 926,000 | 926,000 | 1,021,187 | 95,187 |
| Student support services | 18,000 | 18,000 | - | (18,000) |
| Instruction and curriculum development services | - | - | 38,843 | 38,843 |
| Instructional staff training services | 15,000 | 15,000 | 12,413 | (2,587) |
| Instruction related technology | 5,000 | 5,000 | 1,724 | (3,276) |
| School board | 19,500 | 19,500 | 65,137 | 45,637 |
| School administration | 247,355 | 247,355 | 524,447 | 277,092 |
| Fiscal services | 136,000 | 136,000 | 138,148 | 2,148 |
| Food services | 155,000 | 155,000 | 146,098 | (8,902) |
| Central services | 25,000 | 25,000 | 104,322 | 79,322 |
| Student transportation services | 27,625 | 27,625 | 27,625 | - |
| Operation of plant | 778,508 | 778,508 | 864,734 | 86,226 |
| Maintenance of plant | 40,000 | 40,000 | 15,876 | (24,124) |
| Total expenditures | <u>2,392,988</u> | <u>2,392,988</u> | <u>2,960,554</u> | <u>567,566</u> |
| Change in fund balance | 4,603 | 4,603 | 56,800 | 52,197 |
| Fund balances at beginning of year | <u>658,259</u> | <u>658,259</u> | <u>658,259</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 662,862</u> | <u>\$ 662,862</u> | <u>\$ 715,059</u> | <u>\$ 52,197</u> |

See accompanying note to Budgetary Comparison Schedule.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
INTERNATIONAL CAMPUS CHARTER SCHOOL
(A Component Unit of the School Board of Miami-Dade County)**

NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

1. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at year end. The original budget and any subsequent amendments are approved by the Board of Directors. For the year ended June 30, 2021, there was no amendment to the original budget.

The General Fund's actual revenues were \$3,017,354 for the year ended June 30, 2021; this amount was above the budget estimates primarily due to due to state FTE revenues and contributions. The actual expenditures of the General Fund were \$2,960,554 for the year ended June 30, 2021. This amount was above the budget estimates primarily due to higher than expected instruction, operation of plant, school administration and central services expenses for fiscal year 2021.

SUPPLEMENTARY AUDITOR'S REPORTS



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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

Board of Directors and Officers of
Lincoln-Martí Charter Schools, Inc.
International Campus Charter School
(A Component Unit of the School Board of Miami-Dade County)
Miami, 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 and major fund, of Lincoln-Martí Charter Schools, Inc. (International Campus Charter School) (the "School") (a Component Unit of the School Board of Miami-Dade County), 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 August 27, 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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
International Campus Charter School
(A Component Unit of the School Board of Miami-Dade County)

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 27, 2021
Miami, Florida

BDO USA, LLP
Certified Public Accountants



Tel: 305-373-5500
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MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Board of Directors and Officers of
Lincoln-Martí Charter Schools, Inc.
International Campus Charter School
(A Component Unit of the School Board of Miami-Dade County)
Miami, Florida

We have audited the financial statements of Lincoln-Martí Charter Schools, Inc. (International Campus Charter School) (the "School"), (a Component Unit of the School Board of Miami-Dade County), as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated August 27, 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; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's 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*, which is dated August 27, 2021, and 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 recommendations or findings made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity 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 Lincoln-Martí Charter Schools, Inc. (International Campus Charter School); 5043.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to 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.



Financial Condition and Management (Continued)

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.

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, requires us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

August 27, 2021
Miami, Florida

BDO USA, LLP

Certified Public Accountants