



**Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas**
(A Charter School under Lincoln-Marti
Charter Schools, Inc.)

Financial Statements
Years Ended June 30, 2023 and 2022

Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

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Independent Auditor's Report

Board of Directors
Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Miami, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major fund of Lincoln-Marti Charter Schools, Inc. Charter High School of the Americas (the "School") (A Charter School under Lincoln-Marti Charter Schools, Inc.), as of and for the years ended June 30, 2023 and 2022, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the School as of June 30, 2023 and 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the School and do not purport to, and do not, present fairly the financial position of Lincoln-Marti Charter Schools, Inc., as of June 30, 2023 and 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.



Emphasis of Matter - Correction of an Error

As discussed in Note 2 to the financial statements, in 2023, the School corrected misstatements in relation to application of GASB Statement Number 87, *Leases*. As a result, the School has restated the opening net position as of July 1, 2021, the lease liability as of June 30, 2022, debt service for the year ended June 30, 2022, and change in net position for the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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 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 30, 2023 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.

BDO USA, P.C.

Miami, Florida
August 30, 2023

Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Management's Discussion and Analysis

As management of Lincoln-Marti Charter Schools, Inc. (Charter High School of the Americas) (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, 2023, 2022 and 2021.

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

In connection with the preparation of the June 30, 2023 financial statements, management determined that the School's previously audited financial statements contained an error in the calculation of the lease liability and interest expense. As a result of the miscalculation, the School restated certain opening and prior period balances. This resulted in a change to the statements of net position as follows:

	<u>June 30, 2022</u> <u>As Previously Reported</u>	<u>Adjustment</u>	<u>June 30, 2022</u> <u>As Restated</u>
Lease liability	\$ 773,643	\$ 69,553	\$ 843,196
Total liabilities	\$ 826,961	\$ 69,553	\$ 896,514
Beginning Net position	\$ 1,102,996	\$ (39,866)	\$ 1,063,130
Ending Net Position	\$ 1,449,243	\$ (69,553)	\$ 1,379,690

This resulted in a change to the statements of activities as follows:

	<u>June 30, 2022</u> <u>As Previously Reported</u>	<u>Adjustment</u>	<u>June 30, 2022</u> <u>As Restated</u>
Debt service	\$ 11,860	\$ 29,687	\$ 41,547
Total Expenses	\$ 1,483,304	\$ 29,687	\$ 1,512,991
Change in net position	\$ 346,247	\$ (29,687)	\$ 316,560

This resulted in a reclassification between expenses on the statement of revenues, expenditures, and changes in fund balance. There was no effect on the fund balance. The change is as follows:

	<u>June 30, 2022</u> <u>As Previously Reported</u>	<u>Reclassification</u>	<u>June 30, 2022</u> <u>As Restated</u>
Debt service - principal	\$ 174,818	\$ (29,687)	\$ 145,131
Debt service - interest	\$ 11,860	\$ 29,687	\$ 41,547

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

Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
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Management's Discussion and Analysis

The School's current year of operations generated a change in net position of \$135,565 compared to a change in net position, as restated, of \$316,560 and \$244,824 in fiscal years 2022 and 2021, respectively. Revenues for the year ended June 30, 2023 decreased over the prior year by approximately \$64,000 as a result of an decrease in state FTE revenues of approximately \$162,000 due to decreased enrollment, offset by an increase in local grants and other of approximately \$91,000. Revenues for the year ended June 30, 2022 increased over the prior year by approximately \$11,000 as a result of an increase in local grants and other and contributions of nonfinancial assets of approximately \$45,000 and \$75,000, respectively, offset by a decrease in state FTE revenues of approximately \$109,000 due to decreased enrollment.

During the year ended June 30, 2023, expenses increased from the prior year by approximately \$117,000. The increase was mainly a result of an increase in school administration expenses based on a change in expense allocations, offset by a decrease in instruction expenses due to decreased enrollment. Expenses during the year ended June 30, 2022 decreased over the prior year by approximately \$21,000 due to a decrease of operation of plant expenses due to less repairs needed, offset by an increase in food services expenses due to rising costs.

The net position of the School at June 30, 2023, 2022 and 2021 was \$1,515,255, \$1,379,690 and \$1,063,130, respectively, of which \$1,429,705, \$1,215,768 and \$850,473, respectively, was unrestricted.

Using this Annual Report

This discussion and analysis are 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.

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Management's Discussion and Analysis

The government-wide financial statements can be found on pages 14 through 16 of this report.

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 balance 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 17 through 19 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 20 through 31 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 33 through 35 of this report.

Lincoln-Marti Charter Schools, Inc.
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Management's Discussion and Analysis

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.

Government-Wide Financial Analysis

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 changes in net position is presented in Table A-2.

Table A-1 - Summary of Net Position

<i>June 30,</i>	2023	Restated 2022	Restated 2021
Assets			
Current assets	\$ 1,489,275	\$ 1,269,086	\$ 891,845
Capital assets, net	769,326	1,007,118	1,200,984
Total Assets	2,258,601	2,276,204	2,092,829
Liabilities and Net Position			
Liabilities			
Current liabilities	59,570	53,318	41,372
Noncurrent liabilities	683,776	843,196	988,327
Total Liabilities	743,346	896,514	1,029,699
Net Position			
Net investment in capital assets	85,550	163,922	212,657
Unrestricted	1,429,705	1,215,768	850,473
Total Net Position	\$ 1,515,255	\$ 1,379,690	\$ 1,063,130

Lincoln-Marti Charter Schools, Inc.
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Management's Discussion and Analysis

Table A-2 - Summary of Changes in Net Position

<i>Year ended June 30,</i>	2023	Restated 2022	Restated 2021
Revenues			
State FTE revenues	\$ 1,194,022	\$ 1,356,077	\$ 1,464,979
Local grants and other	394,671	303,853	259,050
Contributions of nonfinancial assets	176,531	169,621	94,529
Total Revenues	1,765,224	1,829,551	1,818,558
Expenses			
Instruction	465,939	551,918	546,218
Student support services	2,983	-	505
Instruction and curriculum development services	49,632	97,605	96,631
Instructional staff training services	1,200	9,578	1,200
Instruction related technology	-	-	2,087
School board	43,610	47,622	49,800
School administration	424,443	144,492	128,733
Fiscal services	82,891	104,689	109,733
Food services	176,531	169,621	94,529
Central services	55,950	63,868	103,197
Student transportation services	27,625	27,625	27,625
Operation of plant	26,337	11,532	134,308
Maintenance of plant	237,792	242,894	235,621
Debt service	34,726	41,547	43,547
Total Expenses	1,629,659	1,512,991	1,573,734
Change in Net Position	135,565	316,560	244,824
Net Position, beginning, restated	1,379,690	1,063,130	818,306
Net Position, ending	\$ 1,515,255	\$ 1,379,690	\$ 1,063,130

As noted in Table A-2, the cost of all governmental activities during the years ended June 30, 2023, 2022 and 2021 was \$1,629,659, \$1,512,991 and \$1,573,734, respectively. The majority of these activities were financed through general revenues of \$1,194,022, \$1,356,077 and \$1,464,979, which consist of FTE funding from the state for the years ended June 30, 2023, 2022 and 2021, respectively.

See "Financial Highlights" on page 6 of this report, for a further explanation of the reason for the increase in net position.

Financial Analysis of the School's Fund

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

Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
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Management's Discussion and Analysis

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 2023, 2022 and 2021, the fund balance of the General Fund was \$1,429,705, \$1,215,768 and \$850,473, 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 Tables B-1 and B-2 as of and for the years ended June 30, 2023, 2022 and 2021.

Table B-1 - Summary of Condensed Balance Sheets

<i>June 30,</i>	2023	2022	2021
Total Assets	\$ 1,489,275	\$ 1,269,086	\$ 891,845
Total Liabilities	59,570	53,318	41,372
Total Fund Balance	1,429,705	1,215,768	850,473
Total Liabilities and Fund Balance	\$ 1,489,275	\$ 1,269,086	\$ 891,845

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

<i>Year ended June 30,</i>	2023	2022	2021
Total Revenues	\$ 1,765,224	\$ 1,829,551	\$ 1,818,558
Total Expenditures	1,551,287	1,464,256	1,568,545
Change in Fund Balance	\$ 213,937	\$ 365,295	\$ 250,013

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, 2023.

The General Fund's actual revenues were \$1,765,224 for the year ended June 30, 2023. This amount is above the budget estimates primarily due to higher than expected contributions of nonfinancial assets being offset by lower than expected state FTE revenues and local grants for fiscal year 2023. The actual expenditures of the General Fund were \$1,551,288 for the year ended June 30, 2023. For the year ended June 30, 2023, this is under the budget estimates primarily due to lower than expected instruction, operation of plant and maintenance of plant.

Lincoln-Marti Charter Schools, Inc.
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Management’s Discussion and Analysis

The General Fund’s actual revenues were \$1,829,551 for the year ended June 30, 2022. This amount is below the budget estimates primarily due to higher than expected state FTE revenues and contributions being offset by lower than expected local grants for fiscal year 2022. The actual expenditures of the General Fund were \$1,464,256 for the year ended June 30, 2022. For the year ended June 30, 2022, this is under the budget estimates primarily due to lower than expected instruction, operation of plant and maintenance of plant.

See pages 33 and 34 for the budgetary comparison schedules.

Capital Assets

At June 30, 2023, 2022 and 2021, the School had \$1,651,024, \$1,651,024 and \$1,601,996, respectively, invested in right-to-use lease asset, improvements other than buildings, classroom furniture, fixtures, equipment and other of which \$881,698, \$643,906 and \$401,012, respectively, has been depreciated, which resulted in a net book value of \$769,326, \$1,007,118 and \$1,200,984, respectively. Total additions for the years ended June 30, 2023, 2022 and 2021 were \$0, \$49,028 and \$94,482, respectively.

Debt Administration

At the end of the School’s fiscal year of operations for 2023, 2022 and 2021, the School had a total lease liability of \$683,776, \$843,196 and \$988,327, respectively. The lease term is for a period of nine years, expiring in December 2026, and includes a provision for escalating annual rentals based on a rate of 4% per year. An initial lease liability was recorded in the amount of \$1,124,277, using an annual interest rate of 4.5%.

A summary of the lease liability at each fiscal year end is detailed as follows:

<i>June 30,</i>	2023	Restated 2022	Restated 2021
Lease liability, due within one year	\$ 174,670	\$ 159,420	\$ 145,131
Lease liability, due in more than one year	509,106	683,776	843,196
Total lease liability	\$ 683,776	\$ 843,196	\$ 988,327

Economic Factors and Next Year’s Budget

The State of Florida education funding for the Florida Education Finance Program for the fiscal year 2022-2023 increased. These factors were considered in preparing the School’s budget for fiscal year 2023-2024.

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.

Financial Statements

Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Statements of Net Position

<i>June 30,</i>	2023	Restated 2022
Assets		
Cash	\$ 1,425,144	\$ 1,259,787
Due from other agencies	7,101	9,299
Prepaid expenses	57,030	-
Capital assets:		
Improvements other than buildings	42,423	42,423
Right-to-use lease asset	1,124,277	1,124,277
Classroom furniture, fixtures, equipment and other	484,324	484,324
Less accumulated depreciation/ amortization	(881,698)	(643,906)
Total Assets	2,258,601	2,276,204
Liabilities and Net Position		
Liabilities		
Accounts payable and accrued expenses	18,000	18,000
Wages payable	41,570	35,318
Noncurrent liabilities:		
Due within one year		
Lease liability	174,670	159,420
Due in more than one year		
Lease liability	509,106	683,776
Total Liabilities	743,346	896,514
Net Position		
Net investment in capital assets	85,550	163,922
Unrestricted	1,429,705	1,215,768
Total Net Position	1,515,255	1,379,690
Total Liabilities and Net Position	\$ 2,258,601	\$ 2,276,204

The accompanying notes are an integral part of these financial statements.

Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
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Statement of Activities

<i>Year ended June 30, 2023</i>	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities Total
Governmental Activities:					
Instruction	\$ (465,939)	\$ -	\$ 107,413	\$ -	\$ (358,526)
Student support services	(2,983)	-	-	-	(2,983)
Instruction and curriculum development services	(49,632)	-	-	-	(49,632)
Instructional staff training services	(1,200)	-	-	-	(1,200)
School board	(43,610)	-	-	-	(43,610)
School administration	(424,443)	-	144,548	-	(279,895)
Fiscal services	(82,891)	-	-	-	(82,891)
Food services	(176,531)	-	176,531	-	-
Central services	(55,950)	-	-	-	(55,950)
Student transportation services	(27,625)	-	-	-	(27,625)
Operation of plant	(26,337)	-	-	105,436	79,099
Maintenance of plant	(237,792)	-	-	-	(237,792)
Debt service	(34,726)	-	-	-	(34,726)
Total Governmental Activities	\$ (1,629,659)	\$ -	\$ 428,492	\$ 105,436	\$ (1,095,731)
General Revenues:					
State FTE revenues					\$ 1,194,022
Local grants and other					37,274
Total General Revenues					\$ 1,231,296
Change in Net Position					\$ 135,565
Net Position, beginning, restated					1,379,690
Net Position, ending					\$ 1,515,255

The accompanying notes are an integral part of these financial statements.

Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Statement of Activities

<i>Year ended June 30, 2022 Restated</i>	Program Revenues			Net (Expenses)	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position Governmental Activities Total
Governmental Activities:					
Instruction	\$ (551,918)	\$ -	\$ 117,754	\$ -	\$ (434,164)
Instruction and curriculum development services	(97,605)	-	-	-	(97,605)
Instructional staff training services	(9,578)	-	-	-	(9,578)
School board	(47,622)	-	-	-	(47,622)
School administration	(144,492)	-	-	-	(144,492)
Fiscal services	(104,689)	-	-	-	(104,689)
Food services	(169,621)	-	169,621	-	-
Central services	(63,868)	-	-	-	(63,868)
Student transportation services	(27,625)	-	-	-	(27,625)
Operation of plant	(11,532)	-	-	124,356	112,824
Maintenance of plant	(242,894)	-	-	-	(242,894)
Debt service	(41,547)	-	-	-	(41,547)
Total Governmental Activities	\$ (1,512,991)	\$ -	\$ 287,375	\$ 124,356	\$ (1,101,260)
General Revenues:					
State FTE revenues					\$ 1,356,077
Local grants and other					61,743
Total General Revenues					\$ 1,417,820
Change in Net Position					\$ 316,560
Net Position, beginning, restated					1,063,130
Net Position, ending, restated					\$ 1,379,690

The accompanying notes are an integral part of these financial statements.

Lincoln-Marti Charter Schools, Inc.
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Balance Sheets - Governmental Fund

<i>June 30,</i>	2023	2022
Assets		
Cash	\$ 1,425,144	\$ 1,259,787
Prepaid expenses	57,030	-
Due from other agencies	7,101	9,299
Total Assets	1,489,275	1,269,086
Liabilities and Fund Balance		
Liabilities		
Accounts payable	18,000	18,000
Wages payable	41,570	35,318
Total Liabilities	59,570	53,318
Fund Balance		
Nonspendable	57,030	-
Unassigned	1,372,675	1,215,768
Total Fund Balance	\$ 1,429,705	\$ 1,215,768
<i>June 30,</i>	2023	Restated 2022
Fund balance	\$ 1,429,705	\$ 1,215,768
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	769,326	1,007,118
Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. Those liabilities consist of: Lease liability	(683,776)	(843,196)
Net Position of Governmental Activities	\$ 1,515,255	\$ 1,379,690

The accompanying notes are an integral part of these financial statements.

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Charter High School of the Americas
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**Statements of Revenues, Expenditures and Changes in Fund Balance -
Governmental Fund**

<i>Year ended June 30,</i>	2023	Restated 2022
Revenues		
State FTE revenues	\$ 1,194,022	\$ 1,356,077
Local grants and other	394,671	303,853
Contributions of nonfinancial assets	176,531	169,621
Total Revenues	1,765,224	1,829,551
Expenditures		
Instruction	465,939	551,918
Student support services	2,983	-
Instruction and curriculum development services	49,632	97,605
Instructional staff training services	1,200	9,578
School board	43,610	47,622
School administration	424,443	144,492
Fiscal services	82,891	104,689
Food services	176,531	169,621
Central services	55,950	63,868
Student transportation services	27,625	27,625
Operation of plant	26,337	60,560
Debt service		
Principal - lease liability	159,420	145,131
Interest - lease liability	34,726	41,547
Total Expenditures	1,551,287	1,464,256
Change in Fund Balance	213,937	365,295
Fund Balance, beginning of year	1,215,768	850,473
Fund Balance, end of year	\$ 1,429,705	\$ 1,215,768

The accompanying notes are an integral part of these financial statements.

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**Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund
Balance of the Governmental Fund to the Statements of Activities**

<i>Year ended June 30,</i>	2023	Restated 2022
Amounts reported for governmental activities in the statements of activities are different because:		
Net change in fund balances - total governmental fund	\$ 213,937	\$ 365,295
Capital outlay	-	49,028
Principal paid on lease	159,420	145,131
Less current year depreciation/ amortization	(237,792)	(242,894)
Change in Net Position of Governmental Activities	\$ 135,565	\$ 316,560

The accompanying notes are an integral part of these financial statements.

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Notes to Financial Statements

1. Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

On January 18, 2012, 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 (Charter High School of the Americas) (the "School"). Lincoln-Marti Charter Schools, 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 18, 2012 and renewed on June 20, 2017 for a 15-year term commencing with the 2017-2018 school year and ending June 30, 2032. 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.

Enrollment and Grade Configuration

School Name and Address	Grades	Enrollment
Lincoln-Marti Charter Schools (Charter High School of the Americas) 998 West Flagler Street Miami, FL 33135	9-12	156

Board of Directors

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

Maria Denia Vasallo	President/Chairperson
Israel Salabarria	Vice President/Secretary
Yoryana Manrresa	Treasurer

Financial Statement Presentation

For financial reporting purposes, Charter High School of the Americas 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 Charter High School of the Americas 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

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Notes to Financial Statements

position of the Organization as of June 30, 2023 and 2022 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.

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.

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Notes to Financial Statements

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, 2023 and 2022.

Due from Other Agencies

The due from other agencies in the accompanying statements of net position and balance sheets-governmental fund 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, 2023 and 2022, the due from other agencies amounts are \$7,101 and \$9,299, respectively.

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 right-to-use lease asset, 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 acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

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:

Improvements Other Than Buildings	10 years
Classroom Furniture, Fixtures, Equipment and Other	3 - 7 years
Right-to-use lease asset	78 months

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Notes to Financial Statements

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial 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 financial 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.

Leases

The School is party to one lease of a nonfinancial asset as a lessee. The School recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for the lease. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of variable payments. There is no purchase option in the lease.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statements of net position.

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.

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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.

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.

Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation, less outstanding balances of any borrowings attributable to those 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 - consists of 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 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.

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Notes to Financial Statements

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, 2023 and 2022, the School recognized in-kind revenue and expense of \$176,531 and \$169,621, respectively (Note 6).

Income Taxes

The Organization 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 Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded as of June 30, 2023 and 2022.

The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize the financial statement effects for unrecognized tax positions for the years ended June 30, 2023 and 2022. The Organization has filed for, and received, income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990, as required, and all other applicable returns in jurisdictions when it is required.

Subsequent Events

The School has evaluated subsequent events through August 30, 2023, which is the date the financial statements were available to be issued and there were no subsequent events requiring adjustments to the financial statements or disclosures stated herein.

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Notes to Financial Statements

2. Correction of an Error - Leases

In connection with the preparation of the June 30, 2023 financial statements, management determined that the School's previously audited financial statements mistakenly miscalculated its lease liabilities related to the implementation of GASB Statement No. 87, Leases. As a result of the miscalculation, the School has recorded an opening balance adjustment as of July 1, 2021 to reflect an opening lease liability and an opening net position as follows:

	<u>June 30, 2022</u> <u>As Previously Reported</u>	<u>Adjustment</u>	<u>June 30, 2022</u> <u>As Restated</u>
Lease liability	\$ 773,643	\$ 69,553	\$ 843,196
Total liabilities	\$ 826,961	\$ 69,553	\$ 896,514
Beginning Net position	\$ 1,102,996	\$ (39,866)	\$ 1,063,130
Ending Net Position	\$ 1,449,243	\$ (69,553)	\$ 1,379,690

This resulted in a change to the statements of activities as follows:

	<u>June 30, 2022</u> <u>As Previously Reported</u>	<u>Adjustment</u>	<u>June 30, 2022</u> <u>As Restated</u>
Debt service	\$ 11,860	\$ 29,687	\$ 41,547
Total Expenses	\$ 1,483,304	\$ 29,687	\$ 1,512,991
Change in net position	\$ 346,247	\$ (29,687)	\$ 316,560

This resulted in a reclassification between expenses on the statement of revenues, expenditures, and changes in fund balance. There was no effect on the fund balance. The change is as follows:

	<u>June 30, 2022</u> <u>As Previously Reported</u>	<u>Reclassification</u>	<u>June 30, 2022</u> <u>As Restated</u>
Debt service - principal	\$ 174,818	\$ (29,687)	\$ 145,131
Debt service - interest	\$ 11,860	\$ 29,687	\$ 41,547

3. Cash

The School's cash includes cash held in a demand deposit account. At June 30, 2023 and 2022 the carrying amounts of the School's deposits were \$1,425,144 and \$1,259,787, respectively, while the bank balances of such deposits were \$1,491,939 and \$1,361,161, 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. As of June 30, 2023 and 2022, the School's bank deposits exceeded the FDIC insured amount by \$1,241,939 and \$1,111,161, respectively. All cash in the bank is held in Qualified Public Depositories approved the Office of the Chief Financial Officer of the State of Florida and is fully protected from loss in accordance with the Florida Security for Public Deposits Act (Chapter 280, Florida Statutes).

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Notes to Financial Statements

4. Capital Assets

The following schedule provides a summary of changes in capital assets for the year ended June 30, 2023:

<i>Year ended June 30, 2023</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated/ Amortized:				
Improvements other than buildings	\$ 42,423	\$ -	\$ -	\$ 42,423
Right-to-use lease asset	1,124,277	-	-	1,124,277
Classroom furniture, fixtures, equipment and other	484,324	-	-	484,324
Total Capital Assets Being Depreciated/ Amortized	1,651,024	-	-	1,651,024
Less Accumulated Depreciation/ Amortization for:				
Improvements other than buildings	(27,155)	(4,242)	-	(31,397)
Right-to-use lease asset	(345,932)	(172,965)	-	(518,897)
Classroom furniture, fixtures, equipment and other	(270,819)	(60,585)	-	(331,404)
Total Accumulated Depreciation/ Amortization	(643,906)	(237,792)	-	(881,698)
Total Capital Assets Being Depreciated/ Amortized, Net	\$ 1,007,118	\$ (237,792)	\$ -	\$ 769,326

The following schedule provides a summary of changes in capital assets for the year ended June 30, 2022:

<i>Year ended June 30, 2022 Restated</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated/ Amortized:				
Improvements other than buildings	\$ 42,423	\$ -	\$ -	\$ 42,423
Right-to-use lease asset	1,124,277	-	-	1,124,277
Classroom furniture, fixtures, equipment and other	435,296	49,028	-	484,324
Total Capital Assets Being Depreciated/ Amortized	1,601,996	49,028	-	1,651,024
Less Accumulated Depreciation/ Amortization for:				
Improvements other than buildings	(22,913)	(4,242)	-	(27,155)
Right-to-use lease asset	(172,966)	(172,966)	-	(345,932)
Classroom furniture, fixtures, equipment and other	(205,133)	(65,686)	-	(270,819)
Total Accumulated Depreciation/ Amortization	(401,012)	(242,894)	-	(643,906)
Total Capital Assets Being Depreciated/ Amortized, Net	\$ 1,200,984	\$ (193,866)	\$ -	\$ 1,007,118

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Expenditures for capital assets during the fiscal years ended June 30, 2023 and 2022 were \$0 and \$49,028, respectively. For the years ended June 30, 2023 and 2022, depreciation and amortization expense was charged to functions/programs of the School as follows:

<i>June 30,</i>	2023	2022
Governmental activities:		
Maintenance of plant	\$ 237,792	\$ 242,894

5. 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, 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.

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.

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.

During the year ended June 30, 2022, Lincoln-Marti Charter Schools, Inc. received formal forgiveness from the SBA for the full amount of the loan. The forgiveness is reflected as revenue in the financial statements of Lincoln-Marti Charter Schools, Inc. - Little Havana Campus.

6. Contributions of Nonfinancial Assets

Contributed nonfinancial assets (in-kind donations) during the years ended June 30, 2023 and 2022 were as follows:

Nonfinancial Asset	Revenue Recognized		Utilization in Programs/Activities	Valuation Techniques/Inputs
	June 30, 2023	June 30, 2022		
Food	\$ 176,531	\$ 169,621	Student Meal Program	The School estimated the fair value of donated food based on estimated wholesale prices of identical or similar products if purchased in the region

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7. Leases

In 2017, the School entered into a multi-year lease agreement as a lessee for the School’s premises, with D.P. Real Estate Holdings, LLC (“DP”), a related party. The lease went into effect 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 December 2026, and includes a provision for escalating annual rentals based on a rate of 4% per year.

An initial lease liability was recorded in the amount of \$1,124,277, using an annual interest rate of 4.5%. As of June 30, 2023 and 2022, the outstanding balance on the lease liability is \$683,776 and \$843,196, respectively. An initial right-to-use lease asset was recorded in the amount of \$1,124,277 as of July 1, 2020. The value of the initial right-to-use lease asset, net of accumulated amortization of \$518,897 and \$345,932, was \$605,380 and \$778,345 at June 30, 2023 and 2022, respectively.

The following schedule provides a summary of changes in the lease liability:

<i>Year ended June 30,</i>	2023	Restated 2022
Balance, at beginning of year	\$ 843,196	\$ 988,327
Additions	-	-
Amortization	(159,420)	(145,131)
Balance, at end of year	683,776	843,196
Less: current portion	(174,670)	(159,420)
Long-term portion	\$ 509,106	\$ 683,776

The future principal and interest lease payments as of June 30, 2023, are as follows:

<i>Year ended June 30,</i>	Principal	Interest	Total
2024	\$ 174,670	\$ 27,241	\$ 201,911
2025	190,937	19,050	209,987
2026	208,282	10,105	218,387
2027	109,887	1,447	111,334
Total	\$ 683,776	\$ 57,843	\$ 741,619

8. Commitments and Contingencies

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 2023 and 2022 fiscal years.

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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 expired on June 30, 2028. The agreement requires the School to pay, as compensation, a management fee of \$537.50 per FTE student per annum. Management fee expense during the years ended June 30, 2023 and 2022 was approximately \$82,000 and \$103,000, respectively, which is included in fiscal services on the statements of activities.

Management Company Information:

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

9. 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 Board is paid an administrative fee of up to five percent (5%) of the qualifying revenues of the School. During the years ended June 30, 2023 and 2022, approximately \$23,000 and \$27,000, 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 156 and 192 full time students enrolled during the years ended June 30, 2023 and 2022, respectively. The School also receives other allowances based upon students enrolled.

D.P. Real Estate Holdings, LLC (“DP”)

The School is related to DP as a result of the School and DP sharing common management. During the years ended June 30, 2023 and 2022, lease payments for the rental of the School property between DP and the School were approximately \$194,000 and \$187,000, respectively.

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, 2023 and 2022, the School incurred expenses under the term of the management agreement with EMA of approximately \$82,000 and \$103,000, respectively, which is included in fiscal services on the statements of activities.

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, 2023 and 2022, which is included in student transportation services on the statements of activities.

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Lincoln-Marti Community Agency, Inc.

The School is a related party to Lincoln-Marti Community Agency, Inc. (“LMCA”) as a result of the terms and conditions of the meal program and sharing common management. The School participates in a meal program with LMCA, who purchases, prepares and delivers the food to the School for students that are eligible.

The School recorded approximately \$177,000 and \$170,000 in food services as an in-kind donation and expense during the years ended June 30, 2023 and 2022, respectively.

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, 2023 and 2022, the School paid \$45,000 and \$40,000, respectively, to Libre for advertising services provided.

10. Risks and Uncertainties

Current Vulnerability Due to Concentration

During the years ended June 30, 2023 and 2022, 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.

Required Supplementary Information

Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Budgetary Comparison Schedule

<i>Year ended June 30, 2023</i>	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
State FTE revenues	\$ 1,351,455	\$ 1,351,455	\$ 1,194,022	\$ (157,433)
Local grants and others	400,982	400,982	394,671	(6,311)
Contributions of nonfinancial assets	-	-	176,531	176,531
Total Revenues	1,752,437	1,752,437	1,765,224	12,787
Expenditures				
Instruction	756,275	756,275	465,939	290,336
Student support services	-	-	2,983	(2,983)
Instruction and curriculum development services	34,195	34,195	49,632	(15,437)
Instructional staff training services	-	-	1,200	(1,200)
School board	25,000	25,000	43,610	(18,610)
School administration	157,742	157,742	424,443	(266,701)
Fiscal services	91,000	91,000	82,891	8,109
Food services	194,000	194,000	176,531	17,469
Central services	50,000	50,000	55,950	(5,950)
Student transportation services	-	-	27,625	(27,625)
Operation of plant	356,079	356,079	26,337	329,742
Maintenance of plant	50,000	50,000	-	50,000
Debt service	-	-	194,146	(194,146)
Total Expenditures	1,714,291	1,714,291	1,551,287	163,004
Change in Fund Balance	38,146	38,146	213,937	175,791
Fund Balance, beginning of year	1,215,768	1,215,768	1,215,768	-
Fund Balance, end of year	\$ 1,253,914	\$ 1,253,914	\$ 1,429,705	\$ 175,791

See accompanying note to budgetary comparison schedule.

Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Budgetary Comparison Schedule

<i>Year ended June 30, 2022</i>	<u>Budgeted Amounts</u>			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
State FTE revenues	\$ 974,251	\$ 974,251	\$ 1,356,077	\$ 381,826
Local grants and others	890,529	890,529	303,853	(586,676)
Contributions of nonfinancial assets	-	-	169,621	169,621
Total Revenues	1,864,780	1,864,780	1,829,551	(35,229)
Expenditures				
Instruction	736,754	736,754	551,918	184,836
Student support services	31,249	31,249	-	31,249
Instruction and curriculum development services	15,000	15,000	97,605	(82,605)
Instructional staff training services	-	-	9,578	(9,578)
Instruction related technology	10,000	10,000	-	10,000
School board	15,000	15,000	47,622	(32,622)
School administration	173,337	173,337	144,492	28,845
Fiscal services	111,211	111,211	104,689	6,522
Food services	172,000	172,000	169,621	2,379
Central services	-	-	63,868	(63,868)
Student transportation services	30,000	30,000	27,625	2,375
Operation of plant	122,838	122,838	60,560	62,278
Maintenance of plant	35,000	35,000	-	35,000
Debt service	182,756	182,756	186,678	(3,922)
Total Expenditures	1,635,145	1,635,145	1,464,256	170,889
Change in Fund Balance	229,635	229,635	365,295	135,660
Fund Balance, beginning of year	850,473	850,473	850,473	-
Fund Balance, end of year	\$ 1,080,108	\$ 1,080,108	\$ 1,215,768	\$ 135,660

See accompanying note to budgetary comparison schedule.

Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Note to Budgetary Comparison Schedules

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 years ended June 30, 2023 and 2022, there were no amendments to the original budget.

Supplementary Auditor's Reports



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
Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Lincoln-Marti Charter Schools, Inc. Charter High School of the Americas (the “School”) (A Charter School under Lincoln-Marti Charter Schools, Inc.), as of and for the year ended June 30, 2023, 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 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatement 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described as item 2023-001 that we consider to be a material weakness.



2023-001:

Criteria	The School should have sufficient controls in place to ensure lease liabilities and lease expense are appropriately accounted for and reported in accordance with generally accepted accounting principles in the financial statements.
Condition	The School did not accurately amortize the lease liability and did not accurately calculate lease interest expense. As a result, the opening lease liability and net position balances were misstated.
Cause	The School's controls did not ensure lease accounting entries were accurately prepared and reviewed.
Effect or potential effect	Significant audit adjustments were made to the financial statements of the School to correct the lease liability, debt service expense, and net position. As a result of these misstatements, the School's opening net position was overstated by \$39,866 at July 1, 2021, its total lease liabilities were understated by \$69,553 as of June 30, 2022, its debt service expense was understated by \$29,687, and its change in net position was overstated by \$29,687 for the year ended June 30, 2022.
Recommendation	The School should provide additional continuing education to its accounting department in order to stay up to date with applicable accounting standards and implement procedures to ensure recently issued accounting pronouncements are evaluated and implemented in a timely manner.
View of responsible officials and planned corrective actions	The School agrees with the finding. The School will provide additional training to staff in order to ensure that any new accounting standards or updates are properly accounted for in the School's financial statements. The School will revise its controls to ensure lease accounting entries are accurately prepared and reviewed.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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*.



School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described previously. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

BDO USA, P.C.

Miami, Florida
August 30, 2023



Management Letter in Accordance with the Rules of the Auditor General of The State of Florida

Board of Directors
Lincoln-Martí Charter Schools, Inc.
Charter High School of the Americas
(A Charter School under Lincoln-Martí Charter Schools, Inc.)
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of Lincoln-Martí Charter Schools, Inc. (Charter High School of the Americas) (the "School"), (A Charter School under Lincoln-Martí Charter Schools, Inc.), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated August 30, 2023.

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*. Disclosures in this report, which is dated August 30, 2023, 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 was one prior audit finding, 2022-001, that detailed that the School did not properly adopt GASB 87 - Leases during the year ended June 30, 2022 and the recommendation was for the School to provide additional continuing education to its accounting department in order to stay up to date with applicable accounting standards and implement procedures to ensure recently issued accounting pronouncements are evaluated and implemented in a timely manner. Corrective actions were taken by the School to remedy this finding, however significant audit adjustments were necessary in the current period to correct errors associated with improper adoption of GASB 87. As such, the prior year finding is not considered resolved and is reported as current year finding 2023-001.



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-Marti Charter Schools, Inc. (Charter High School of the Americas); 7080.

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 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.

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 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 made the following recommendation: The School should provide additional continuing education to its accounting department in order to stay up to date with applicable accounting standards and implement procedures to ensure recently issued accounting pronouncements are evaluated and implemented in a timely manner.

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.

BDO USA, P.C.

Miami, Florida
August 30, 2023



August 31, 2023

Management's Corrective Action Plan:

Finding 2023-001: The School did not accurately amortize the lease liability and did not accurately calculate lease interest expense. As a result, the opening lease liability and net position balances were misstated.

Individual Responsible for Corrective Action Plan:

Maria Vasallo
President
305-642-1000

Management's Corrective Action Plan:

The School agrees with the finding. The School will hire an CPA to periodically review its financial records and provide support to its finance staff to ensure that new accounting standards or updates are properly accounted for in the School's financial statements.

Expected Completion Date:

October 1, 2023

Signature:


(Maria Vasallo)