



Mater Academy Middle School  
W/L# 6012

(A charter school under  
Mater Academy, Inc.)

Financial Statements and  
Independent Auditors' Report  
June 30, 2023

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Mater Academy Middle School  
(A charter school under Mater Academy, Inc.)  
W/L# 6012

7901 NW 103<sup>rd</sup> Street  
Hialeah Gardens, FL 33016

2022-2023

Board of Directors

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

School Administration

Alex Tamargo, Principal

Other Non-voting Corporate Officers

Roberto Blanch, President

Kim Guilarte, Chief Operating Officer



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Mater Academy Middle School  
Hialeah Gardens, Florida

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Mater Academy Middle School (the "School"), a charter school under Mater Academy, 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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Mater Academy Middle School as of June 30, 2023, 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 Mater Academy, Inc. 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 Mater Academy Middle 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.

### ***Auditors' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 a Matter – Presentation***

As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of Mater Academy Middle School that is attributable to the transactions of the School and is not intended to be a complete presentation of Mater Academy, Inc. These financial statements do not purport to, and do not, present fairly the financial position of Mater Academy, Inc. as of June 30, 2023 and its changes in financial position 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 28 to 29 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 September 15, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Coral Gables, Florida  
September 15, 2023

CERTIFIED PUBLIC ACCOUNTANTS

**Management's Discussion and Analysis**  
Mater Academy Middle School  
(A Charter School Under Mater Academy, Inc.)  
June 30, 2023

The corporate officers of Mater Academy, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2023.

**Financial Highlights**

1. The net position of the School at June 30, 2023 was \$11,998,529.
2. At year-end, the School had current assets on hand of \$4,540,715
3. The School had an increase in its net position of \$594,608 for the year ended June 30, 2023.
4. The unassigned fund balance at year end was \$1,344,110.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2023 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows or resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

*Fund Financial Statements*

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for its major governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 12 - 15 of this report.

#### Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 16 – 27 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was \$11,998,529 at the close of the fiscal year. A summary of the School's net position as of June 30, 2023 and 2022 is as follows:

	2023	2022
Cash	\$ 10,094	\$ 5,792
Investments	2,082,000	3,867,000
Prepaid expenses and other current assets	62,003	50,854
Due from other agencies	2,386,618	1,637,965
Deposits receivable	71,908	71,908
Due from other divisions of Mater Academy, Inc.	6,540,000	4,340,000
Capital and right of use assets, net	19,076,419	20,176,577
<b>Total Assets</b>	<b>30,229,042</b>	<b>30,150,096</b>
<b>Deferred outflows of resources</b>	<b>-</b>	<b>-</b>
Salaries and wages payable	515,751	518,965
Accounts payable	7,750	108,444
Due to other divisions of Mater Academy, Inc.	-	84,486
Deferred revenue	523,993	-
Deferred lease liability	159,377	-
Lease liability	17,023,642	18,034,280
<b>Total Liabilities</b>	<b>18,230,513</b>	<b>18,746,175</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>-</b>
<b>Net Position:</b>		
Net investment in capital assets	2,052,777	2,142,297
Unrestricted	9,945,752	9,261,624
<b>Total Net Position</b>	<b>\$ 11,998,529</b>	<b>\$ 11,403,921</b>

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



A summary and analysis of the School's revenues and expenses for the years ended June 30, 2023 and 2022 follows.

	2023	2022
<b>REVENUES</b>		
Program Revenues		
Operating grants and contributions	\$ 3,183,623	\$ 1,858,709
Capital outlay grants and contributions	944,274	959,076
Charges for services and other revenues	60,823	28,167
General Revenues		
Local sources (FTE and other non specific)	9,415,767	8,283,335
Other revenues	131,156	20,339
<b>Total Revenues</b>	<b>\$ 13,735,643</b>	<b>\$ 11,149,626</b>
<b>EXPENSES</b>		
Instruction	\$ 6,709,646	\$ 5,507,954
Student support services	378,096	327,597
Instructional staff training	51,510	49,194
Board	67,381	59,495
School administration	1,117,083	927,461
Facilities acquisition	68,600	100,315
Fiscal services	175,800	176,925
Food services	443,772	435,880
Central services	216,634	241,419
Pupil transportation	-	131
Operation of plant	2,770,954	2,494,804
Maintenance of plant	184,969	189,454
Administrative technology services	77,828	80,187
Debt service	878,762	927,952
<b>Total Expenses</b>	<b>13,141,035</b>	<b>11,518,768</b>
Change in Net Position	594,608	(369,142)
Net Position at Beginning of Year	11,403,921	11,773,063
Net Position at End of Year	<b>\$ 11,998,529</b>	<b>\$ 11,403,921</b>

The School's revenues and expenses increased by \$2,586,017 and \$1,622,267, respectively. The School had an increase in its net position of \$594,608 for the year.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

## **Governmental Funds**

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

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$1,406,113. The fund balance unassigned and available for spending at the School's discretion is \$1,344,110. These funds will be available for the School's future ongoing operations.

## **Capital Improvement Requirements**

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

## **School Location**

The School continued to operate from its facilities located at 7901 NW 103<sup>rd</sup> Street, Hialeah Gardens, Florida.

## **Capital Assets**

The School's investment in capital assets (including right of use assets) as of June 30, 2023 amounts to \$19,076,419 (net of accumulated depreciation and amortization). This investment in capital assets includes building improvements, furniture and equipment. The School has long term liabilities of \$17,183,019 associated to capital assets.

## Governmental Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the Charter School adopted an annual budget. A budgetary comparison statement has been provided for the governmental fund to demonstrate compliance with the School's budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
Capital outlay grants and contributions	\$ 747,246	\$ 942,093	\$ 944,274
Federal Sources	2,479,727	2,551,873	2,552,723
Charges and other revenues	-	73,994	75,823
General Revenues			
FTE and other nonspecific revenues	8,738,711	9,413,093	9,415,767
Charges and other revenues	134,018	130,123	131,156
Total Revenues	<u>\$ 12,099,702</u>	<u>\$ 13,111,176</u>	<u>\$ 13,119,743</u>
<b>CURRENT EXPENDITURES</b>			
Instruction	\$ 6,116,572	\$ 6,544,365	\$ 6,539,185
Student support services	230,422	380,293	378,096
Instructional staff training	28,995	54,471	51,510
Board	62,906	69,104	67,381
School administration	1,019,319	1,117,034	1,115,839
Fiscal services	173,625	177,283	175,800
Food services	-	443,928	441,966
Central services	233,325	219,023	216,634
Operation of plant	950,471	1,217,832	1,172,338
Maintenance of plant	221,900	182,931	179,694
Administrative technology services	53,917	79,283	77,828
Total Current Expenditures	<u>\$ 9,091,452</u>	<u>\$ 10,485,547</u>	<u>\$ 10,416,271</u>

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

## Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC, 6340 Sunset Drive, Miami, Florida 33143.

Mater Academy Middle School  
(A charter school under Mater Academy, Inc.)

Statement of Net Position  
June 30, 2023

	Primary Government Governmental Activities
<b><u>Assets</u></b>	
Current assets:	
Cash	\$ 10,094
Investments	2,082,000
Prepaid expenses and other current assets	62,003
Due from other agencies	<u>2,386,618</u>
Total Current Assets	4,540,715
Due from other divisions of Mater Academy, Inc.	6,540,000
Deposits	71,908
Capital assets	4,492,593
Less: accumulated depreciation	(1,698,227)
Right-of-use, lease asset	18,995,729
Less: accumulated amortization	<u>(2,713,676)</u>
	19,076,419
Total Assets	<u>30,229,042</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Salaries and wages payable	515,751
Accounts payable	7,750
Deferred revenue	523,993
Lease liability, current	<u>1,062,344</u>
Total Current Liabilities	2,109,838
Deferred lease liability	159,377
Lease Liability	<u>15,961,298</u>
Total Liabilities	<u>18,230,513</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	2,052,777
Unrestricted	<u>9,945,752</u>
Total Net Position	<u>\$ 11,998,529</u>

Mater Academy Middle School  
(A charter school under Mater Academy, Inc.)

Statement of Activities  
For the year ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:	Expenses	Services			
<b>Governmental activities:</b>					
Instruction	\$ 6,709,646	\$ -	\$ 2,737,732	\$ -	\$ (3,971,914)
Student support services	378,096	-	-	-	(378,096)
Instructional staff training	51,510	-	43,827	-	(7,683)
Board	67,381	-	-	-	(67,381)
School administration	1,117,083	-	15,413	-	(1,101,670)
Facilities acquisition	68,600	-	-	-	(68,600)
Fiscal services	175,800	-	-	-	(175,800)
Food services	443,772	60,823	386,651	-	3,702
Central services	216,634	-	-	-	(216,634)
Operation of plant	2,770,954	5,759	-	944,274	(1,820,921)
Maintenance of plant	184,969	-	-	-	(184,969)
Administrative technology services	77,828	-	-	-	(77,828)
Debt service	878,762	-	-	-	(878,762)
<b>Total governmental activities</b>	<b>13,141,035</b>	<b>66,582</b>	<b>3,183,623</b>	<b>944,274</b>	<b>(8,946,556)</b>
General revenues:					
FTE and other nonspecific revenues					9,415,767
Interest and other revenue					125,397
Change in net position					594,608
Net position, beginning					11,403,921
Net position, ending					\$ 11,998,529

Mater Academy Middle School  
(A charter school under Mater Academy, Inc.)

Balance Sheet - Governmental Funds  
June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b><u>Assets</u></b>				
Cash	\$ 10,094	\$ -	\$ -	\$ 10,094
Investments	2,082,000	-	-	2,082,000
Due from other agencies	-	235,967	63,543	299,510
Due from fund	299,510	-	-	299,510
Prepaid expenses and other current assets	62,003	-	-	62,003
Total Assets	<u>2,453,607</u>	<u>235,967</u>	<u>63,543</u>	<u>2,753,117</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Liabilities</u></b>				
Salaries and wages payable	515,751	-	-	515,751
Accounts payable	7,750	-	-	7,750
Deferred revenue	523,993	-	-	523,993
Due to fund	-	235,967	63,543	299,510
Total Liabilities	<u>1,047,494</u>	<u>235,967</u>	<u>63,543</u>	<u>1,347,004</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Fund Balance</u></b>				
Nonspendable, not in spendable form	62,003	-	-	62,003
Unassigned	1,344,110	-	-	1,344,110
	<u>1,406,113</u>	<u>-</u>	<u>-</u>	<u>1,406,113</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$2,453,607</u>	<u>\$ 235,967</u>	<u>\$ 63,543</u>	<u>\$ 2,753,117</u>

Mater Academy Middle School  
(A charter school under Mater Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2023

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Total Fund Balance - Governmental Funds \$ 1,406,113

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

Capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and therefore are not reported in the fund.

Capital assets, depreciable	4,492,593	
Less: accumulated depreciation	(1,698,227)	
Right-of-use lease asset	18,995,729	
Less: accumulated amortization	<u>(2,713,676)</u>	
		19,076,419

Receivables in governmental activities that are not considered available to pay current liabilities are not current financial resources and therefore are not reported in the governmental funds.

2,087,108

Long term receivables and deposits in governmental activities are not financial resources and therefore are not reported in the governmental funds.

6,611,908

Long term liabilities were not due and payable in the current period and, therefore are not reported in the governmental funds.

(17,183,019)

Total Net Position - Governmental Activities \$ 11,998,529

Mater Academy Middle School  
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the year ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
State capital outlay funding	\$ -	\$ -	\$ 944,274	\$ 944,274
State passed through local and other local	9,415,767	-	-	9,415,767
Federal sources	-	2,567,723	-	2,567,723
Charges and other revenue	131,156	60,823	-	191,979
Total Revenues	9,546,923	2,628,546	944,274	13,119,743
Expenditures:				
Current				
Instruction	4,863,135	1,676,050	-	6,539,185
Student support services	378,096	-	-	378,096
Instructional staff training	7,683	43,827	-	51,510
Board	67,381	-	-	67,381
School administration	1,100,426	15,413	-	1,115,839
Fiscal services	175,800	-	-	175,800
Food services	-	441,966	-	441,966
Central services	216,634	-	-	216,634
Operation of plant	1,172,338	-	-	1,172,338
Maintenance of plant	179,694	-	-	179,694
Administrative technology services	77,828	-	-	77,828
Capital Outlay:				
Other capital outlay	311,655	274,812	-	586,467
Debt Service:				
Principal	-	-	1,010,638	1,010,638
Interest	-	-	878,762	878,762
Total Expenditures	8,550,670	2,452,068	1,889,400	12,892,138
Excess/(Deficit) of revenues over expenditures	996,253	176,478	(945,126)	227,605
Other financing sources (uses)				
Long term advances to affiliates, net	(2,200,000)	-	-	(2,200,000)
Transfers in (out)	(768,648)	(176,478)	945,126	-
Net change in fund balance	(1,972,395)	-	-	(1,972,395)
Fund Balance at beginning of year	3,378,508	-	-	3,378,508
Fund Balance at end of year	\$ 1,406,113	\$ -	\$ -	\$ 1,406,113



Mater Academy Middle School  
(A charter school under Mater Academy, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2023

Net Change in Fund Balance - Governmental Funds \$ (1,972,395)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. In the current period, these amounts are:

Capital Outlay	586,467	
Depreciation and amortization expense	<u>(1,686,625)</u>	(1,100,158)

Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds. This is the difference between the revenues from prior year that is now available to pay current liabilities to the revenues from the current year that is not available to pay current liabilities. In the current period, these amounts are:

Prior year revenues available in current year	(1,471,208)	
Current year revenues not available	<u>2,087,108</u>	615,900

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. In the current period, these amounts are:

Increases in long term receivables	2,200,000	
Decreases in long term receivables	<u>-</u>	2,200,000

Additions in long term liabilities provide current financial resources to governmental funds, but increases long term liabilities in the statement of net position. Reductions in long term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current period, these amounts are:

Decreases in long term liabilities	1,010,638	
Increases in long term liabilities	<u>(159,377)</u>	851,261

Change in Net Position of Governmental Activities \$ 594,608

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

### Reporting Entity

Mater Academy Middle School (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The School's charter is held by Mater Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Mater Academy, Inc., which is composed of five members and also governs other charter schools. The board of directors has determined that no component unit exists that would require inclusion in the School's financial statements.

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

The School is located in Hialeah Gardens, Florida for students from sixth through eighth grade. These financial statements are for the year ended June 30, 2023, when on average 1,171 students were enrolled for the school year.

### Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both government-wide and fund financial statements.

### Government-wide and Fund Financial Statements

#### *Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues, property taxes, and other miscellaneous sources.

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

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds:

*General Fund* - is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

*Special Revenue Fund* - accounts for specific revenues, such as federal lunch program and COVID-19 emergency relief funding that are legally restricted to expenditures for particular purposes.

*Capital Projects Fund* - is used to account for the resources restricted for the acquisition or construction of specific capital assets and from state and local capital funding that are legally restricted to expenditures for particular purposes.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the School provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

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

### Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

### Cash and Investments

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

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, *Fair Value Measurement and Application*, and other related standards which establish accounting and financial reporting standards for all investments (see Note 2). Money market investment that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

### Inter-fund Transfers

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

### Due from Other Governments or Agencies

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

### Deferred Outflows/Inflows of Resources

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

### Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated.

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

The School generally capitalizes assets with costs of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government wide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

The right to use assets are initially measure at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Estimated useful lives, in years, for capital assets are as follows:

Improvements	20-39 Years
Furniture, equipment, audiovisual and computer software	3-10 Years
Right-of-use asset (building)	14 Years

**Compensated Absences**

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

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

**Revenue Sources**

Revenues for current operations are received primarily from the state through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP.

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

Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

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

Prepaid Expenses and Other Assets

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

Net position and Fund Balance Classification

*Government-wide financial statements*

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

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

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

*Fund financial statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories and prepaid expenses.
- b) Restricted – this classification includes fund balance category amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. There are no restricted fund balances at year end.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned – portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Long-Term Debt and Liabilities

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Income Taxes

Mater Academy, Inc. qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 15, 2023, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

### New Accounting Standard Adopted

In fiscal year 2023, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: GASBS Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The adoption had no material effect on the School's 2023 financial statements.

### Pronouncements Issued But Not Yet Effective

GASB has issued GASBS Statement No. 101, *Compensating Absences*. This Statement provides guidance on the accounting and financial reporting for certain types of compensated absences including parental leave, military leave, and injury duty leave. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

## **Note 2 – Cash and Investments**

### Deposits

The School maintains its cash in one financial institution. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Mater Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Mater Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2023, bank balances in potential excess of FDIC coverage were \$9,555.

### Investments

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

At June 30, 2023, the School had \$2,600,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2023, maturities of the fund's portfolio holdings are approximately 91% within 30 days.



## Note 2 – Cash and Investments (continued)

### Credit Risk

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

*Custodial credit risk* is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2023, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

*Interest rate risk* is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

## Note 3 – Capital Assets

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

	Balance 07/01/22	Additions	Reclassification/ Retirements	Balance 06/30/23
<b>Capital assets, depreciable:</b>				
Leasehold improvements	\$ 3,186,472	\$ -	\$ -	\$ 3,186,472
Audiovisual equipment	109,491	-	(24,612)	84,879
Computer equipment and software	608,680	49,817	(166,023)	492,474
Furniture and equipment	328,954	536,650	(136,836)	728,768
Total capital assets	\$ 4,233,597	\$ 586,467	\$ (327,471)	\$ 4,492,593
<b>Less accumulated depreciation:</b>				
Leasehold improvements	\$ (1,062,820)	\$ (145,618)	\$ -	\$ (1,208,438)
Audiovisual equipment	(64,346)	(14,310)	24,612	(54,044)
Computer equipment and software	(399,998)	(90,822)	166,023	(324,797)
Furniture and equipment	(168,747)	(79,037)	136,836	(110,948)
Total accumulated depreciation	(1,695,911)	(329,787)	327,471	(1,698,227)
Total capital assets, net	\$ 2,537,686	\$ 256,680	\$ -	\$ 2,794,366
<b>Lease assets, right of use:</b>				
Building and fixed equipment	\$ 18,995,729	\$ -	\$ -	\$ 18,995,729
Less: Accumulated amortization	(1,356,838)	(1,356,838)	-	(2,713,676)
Total lease assets, net	\$ 17,638,891	\$ (1,356,838)	\$ -	\$ 16,282,053
Governmental Activities Capital Assets, net	\$ 20,176,577	\$ (1,100,158)	\$ -	\$ 19,076,419

**Note 3 – Capital Assets (continued)**

For the fiscal year ended June 30, 2023, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	<u>Depreciation</u>	<u>Amortization</u>
Instruction	\$ 170,461	\$ -
School administration	1,244	-
Food services	1,806	-
Facilities acquisition	68,600	-
Maintenance of plant	5,275	-
Operation of plant	82,401	1,356,838
Total expense	<u>\$ 329,787</u>	<u>\$ 1,356,838</u>

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

Academica Dade, LLC, an educational service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting, and virtual education services. The agreement calls for a fee on a per student basis.

The agreement is with Mater Academy, Inc. through June 30, 2028, and unless terminated by the board, will have the option to renew for an additional 5 year period. During the year ended June 30, 2023, the School incurred \$527,400 in fees related to this agreement.

**Note 5 – Transactions with other divisions of Mater Academy, Inc.**

During the year ended June 30, 2023, the School's facility was shared with Mater Academy High School and Mater Performing Arts and Entertainment Academy (charter schools under Mater Academy, Inc.). Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment, usage of facilities, and staff to these schools and other schools operated by Mater Academy, Inc.

The School's lunch program as well as other resources are shared with various schools. Revenues and expenses related to such program and other resources have been allocated based on FTE equivalent for purposes of presentation in the financial statements. In addition, the School's student activities internal fund is held by Mater Academy High School.

Mater Academy, Inc. charged all its affiliated schools an assessment for shared corporate costs and accreditation expenses. The School paid Mater Academy, Inc. approximately \$175,725 in connection with these charges during the year.

**Note 5 – Transactions with other divisions of Mater Academy, Inc. (continued)**

The School has made long-term, non-interest bearing advances to the corporate account of Mater Academy, Inc. The following schedule provides a summary of changes in long-term receivables for the year ended June 30, 2023:

	Balance 07/01/22	Increases	Decreases	Balance 06/30/23
Mater Academy, Inc. - Corporate account	\$ 4,340,000	\$ 2,200,000	\$ -	\$ 6,540,000
Total Long Term Receivables	<u>\$ 4,340,000</u>	<u>\$ 2,200,000</u>	<u>\$ -</u>	<u>\$ 6,540,000</u>

**Note 6 – Contingencies, and Concentrations**

The School receives substantially all of its funding from the state through the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% for high performing schools of the qualifying revenues of the School. For the year ended June 30, 2023, administrative fees withheld by the School District totaled \$36,068.

**Note 7 – Long-Term Liabilities**

Mater Academy, Inc. entered into a lease and security agreement with School Development HG II, LLC for its 122,500 square foot building including all ancillary facilities, outdoor areas and other improvements. The landlord is an affiliate of the School's educational services provider (See Note 4). This facility is shared with Mater Academy High School and Mater Performing Arts and Entertainment Academy (both charter schools under Mater Academy, Inc.). Annual payments under this agreement are adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through June 30, 2035 with options to renew for two additional five-year terms.

Mater Academy, Inc. also entered into a lease agreement with Duke School Properties, LLC, as landlord, for an additional 33,600 square foot building where the School is located. The landlord is an affiliate of the School's educational services provider (see Note 4). This facility is also shared with Mater Academy Middle School and Mater Academy High School. Annual payments under this agreement are adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance, and insurance. The agreement continues through June 30, 2035 with options to renew for two additional five-year terms.

**Note 7 – Long-Term Liabilities (continued)**

At the time of the initial measurement, the lease right of use asset and liability were allocated among the three schools based on enrollment and usage of facility. The allocation used was approximately 41% for the School, 10% for Mater Performing Arts & Entertainment Academy and 49% for Mater Academy High School. The School has used an average effective interest for several borrowings during fiscal year end 2021 and 2022. At the time of initial measurement, the average borrowing rate was 5% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability.

For the year ended June 30, 2023, interest expense totaled \$878,762, as it relates to its lease agreements.

For 2023, variable and other payments of approximately \$54,000 in connection with the lease agreement not previously included in the measurement of the lease liability were recorded in rent expense.

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

	Balance 07/01/22	Increases	Decreases	Balance 06/30/23
Lease liability	\$ 18,034,280	\$ -	\$ (1,010,638)	\$ 17,023,642
Deferred lease liability	-	159,377	-	159,377
Total Lease Liability	<u>\$ 18,034,280</u>	<u>\$ 159,377</u>	<u>\$ (1,010,638)</u>	<u>\$ 17,183,019</u>

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

Year	Principal	Interest	
2024	\$ 1,062,344	\$ 827,056	
2025	1,116,696	772,704	
2026	1,173,828	715,572	
2027	1,233,883	655,518	
2028	1,297,012	592,389	
2029-2033	7,550,979	1,896,023	(total for five-year period)
2034-2035	3,588,900	189,901	(total for two-year period)
	<u>\$ 17,023,642</u>	<u>\$ 5,649,163</u>	

## Note 8 – Inter-fund Transfers

Inter-fund transfers in governmental funds as of June 30, 2023 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
To reimburse the General Fund for prior period's federal expenditures	\$ 170,970	\$ (170,970)	\$ -
To fund lease payments in the Capital Projects Fund	(945,126)	-	945,126
To reimburse the General Fund for lunch program expenditures	5,508	(5,508)	-
Total Transfers, net	<u>\$ (768,648)</u>	<u>\$ (176,478)</u>	<u>\$ 945,126</u>
Due to General Fund from Capital Projects Fund for capital outlay	\$ 63,543	\$ -	\$ (63,543)
Due to General Fund from Special Revenue Fund for federal funds	235,967	(235,967)	-
Total Due from/(Due to)	<u>\$ 299,510</u>	<u>\$ (235,967)</u>	<u>\$ (63,543)</u>

## Note 9 – Risk Management

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

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

## Note 10 – Defined Contribution Retirement Plan

The School’s personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), for the 2022-2023 school year the School matched 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$156,126 for the year ended June 30, 2023. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

## REQUIRED SUPPLEMENTARY INFORMATION

Mater Academy Middle School  
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2023

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local and other local	\$ 8,738,711	\$ 9,413,093	\$ 9,415,767
Charges and other revenue	134,018	130,123	131,156
Total Revenues	8,872,729	9,543,216	9,546,923
<b>EXPENDITURES</b>			
Current:			
Instruction	3,968,905	4,865,993	4,863,135
Student support services	230,422	380,293	378,096
Instructional Staff Training	7,134	8,743	7,683
Board	62,906	69,104	67,381
School Administration	984,120	1,100,302	1,100,426
Fiscal Services	173,625	177,283	175,800
Central Services	233,325	219,023	216,634
Student transportation	-	-	-
Operation of Plant	950,471	1,217,832	1,172,338
Maintenance of Plant	221,900	182,931	179,694
Administrative technology services	53,917	79,283	77,828
Total Current Expenditures	6,886,725	8,300,787	8,239,015
Excess of Revenues			
Over Current Expenditures	1,986,004	1,242,429	1,307,908
Capital Outlay	445,000	313,000	311,655
Total Expenditures	7,331,725	8,613,787	8,550,670
Excess/(Deficit) of Revenues Over Expenditures	1,541,004	929,429	996,253
Other financing sources (uses):			
Transfers in (out)	(1,142,154)	(781,200)	(768,648)
Net change in fund balance	398,850	(2,051,771)	(1,972,395)
Fund Balance at beginning of year	3,378,508	3,378,508	3,378,508
Fund Balance at end of year	\$ 3,777,358	\$ 1,326,737	\$ 1,406,113

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Mater Academy Middle School  
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2023

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 2,479,727	\$ 2,551,873	\$ 2,552,723
Charges and other revenue	-	73,994	75,823
Total Revenues	2,479,727	2,625,867	2,628,546
EXPENDITURES			
Current:			
Instruction	2,147,667	1,678,372	1,676,050
Instructional staff training	21,861	45,728	43,827
School administration	35,199	16,732	15,413
Food services	-	443,928	441,966
Total Current Expenditures	2,204,727	2,184,760	2,177,256
Excess/(Deficit) of Revenues Over Current Expenditures	275,000	441,107	451,290
Capital Outlay	275,000	275,000	274,812
Total Expenditures	2,479,727	2,459,760	2,452,068
Excess/(Deficit) of Revenues Over Expenditures	-	166,107	176,478
Other financing sources (uses)			
Transfers in (out)		(166,107)	(176,478)
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.





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

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Board of Directors of  
Mater Academy Middle School  
Hialeah Gardens, 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 each major fund of Mater Academy Middle School (the "School"), 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 September 15, 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 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 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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

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

We issued a separate management letter dated September 15, 2023 pursuant to Chapter 10.850, Rules of the Auditor General.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 15, 2023



## MANAGEMENT LETTER

Board of Directors of  
Mater Academy Middle School  
Hialeah Gardens, Florida

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

We have audited the financial statements of Mater Academy Middle School as of and for the year ended June 30, 2023 and have issued our report thereon dated September 15, 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.

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 15, 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 were no findings and recommendations 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 is Mater Academy Middle School, (W/L#6012).

## **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 Mater Academy Middle School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Mater Academy Middle 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 Mater Academy Middle School. It is management's responsibility to monitor Mater Academy Middle 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 recommendation to improve financial management. In connection with our audit, we had no such recommendations.

## **Transparency**

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

## **Additional Matters**

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

## **Purpose of this Letter**

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 15, 2023