



iMater Academy Middle School
(A charter school under
Mater Academy, Inc.)
W/L# 6014

Hialeah, Florida

Financial Statements and
Independent Auditors' Report
June 30, 2021

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iMater Academy Middle School
(A charter school under Mater Academy, Inc.)
W/L# 6014

651 West 20th Street
Hialeah, Florida 33010

2020-2021

Board of Directors

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

School Administration

Teresa Santalo, Principal

Other Non-voting Corporate Officers

Roberto Blanch, President



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
iMater Academy Middle School
Hialeah, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate fund information of iMater Academy Middle School (the "School"), a charter school under Mater Academy, Inc., as of, and for the year ended June 30, 2021 and the related notes to the financial statements which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregated fund information of iMater Academy Middle School as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Change in Accounting Principle

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Coral Gables, Florida
September 14, 2021

CERTIFIED PUBLIC ACCOUNTANTS

Management’s Discussion and Analysis
iMater Academy Middle School
(A Charter School Under Mater Academy, Inc.)
June 30, 2021

The corporate officers of Mater Academy, Inc. have prepared this narrative overview and analysis of the iMater Academy Middle School’s financial activities for the fiscal year ended June 30, 2021.

Financial Highlights

1. The net position of the School at June 30, 2021 was \$ 4,575,478.
2. At year-end, the School had current assets on hand of \$4,448,209.
3. The net position of the School increased by \$626,187 during the year.
4. The unassigned fund balance at year end was \$3,352,842.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2021 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

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

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

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for its major governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 – 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, assets exceeded liabilities by \$4,575,478 at the close of the fiscal year. A summary of the School's net position as of June 30, 2021 and 2020 is as follows:

	2021	2020
Cash	\$ 1,790	\$ 3,347
Investments	3,763,000	2,910,000
Prepaid expenses	55,258	36,229
Due from other agencies	628,161	86,322
Deposits receivable	17,473	17,473
Due from other divisions of Mater Academy, Inc.	325,000	741,336
Capital Assets, net	377,873	406,171
Right-to-use lease asset, net	19,088,805	-
Total Assets	<u>24,257,360</u>	<u>4,200,878</u>
Deferred outflows of resources	-	-
Salaries and wages payable	268,049	232,867
Accounts payable	94,954	18,720
Lease liability	19,318,879	-
Total Liabilities	<u>19,681,882</u>	<u>251,587</u>
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	377,873	406,171
Restricted	119,860	75,362
Unrestricted	4,077,745	3,467,758
Total Net Position	<u>\$ 4,575,478</u>	<u>\$ 3,949,291</u>

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

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

	<u>2021</u>	<u>2020</u>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 1,231,797	711,809
Capital Outlay Funding	649,001	619,301
Charges for Services	114	8,106
General Revenues		
Local Sources (FTE and other non specific)	5,726,745	5,547,393
Other Revenues	16,681	41,412
Total Revenues	<u>\$ 7,624,338</u>	<u>\$ 6,928,021</u>
EXPENSES		
Instruction	\$ 3,654,035	\$ 3,055,723
Student support services	94,357	83,753
Instructional staff training	-	5,232
Board	45,824	45,664
School administration	548,050	604,836
Fiscal services	126,300	122,550
Food services	88,968	194,442
Central services	142,107	142,627
Operation of plant	1,477,916	1,914,053
Maintenance of plant	149,740	124,401
Administrative technology services	24,376	25,480
Interest	646,478	-
Total Expenses	<u>6,998,151</u>	<u>6,318,761</u>
Increase in Net Position	626,187	609,260
Net Position at Beginning of Year	<u>3,949,291</u>	<u>3,340,031</u>
Net Position at End of Year	<u><u>\$ 4,575,478</u></u>	<u><u>\$ 3,949,291</u></u>

The School's revenue and expenditures increased by \$696,317 and \$679,390, respectively. The School had an increase in its net position of \$626,187 for the year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

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

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

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$3,408,100. The fund balance unassigned and available for spending at the School's discretion is \$3,352,842. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets as of June 30, 2021 amounts to \$377,873 (net of accumulated depreciation). This investment in capital assets includes improvements, furniture, and equipment. The School had no outstanding debt associated to capital assets, at year end.

Capital Improvement Requirements

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

School Location

During 2020-2021, the School continued to operate from its facilities located at 651 W 20th Street and 701 W 20th Street, Hialeah, Florida.

Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
State capital outlay funding	\$ 648,000	\$ 649,000	\$ 649,001
Federal sources	694,400	673,420	674,551
Charges for services	100	100	114
General Revenues			
FTE and other nonspecific revenues	5,710,953	5,721,130	5,726,745
Other revenues	12,400	15,920	16,681
Total Revenues	\$ 7,065,853	\$ 7,059,570	\$ 7,067,092
CURRENT EXPENDITURES			
Instruction	\$ 2,937,759	\$ 3,646,446	\$ 3,597,301
Student support services	127,457	105,480	94,357
Board	50,900	51,594	45,824
School administration	587,540	560,438	548,050
Fiscal services	123,600	126,375	126,300
Food services	89,500	89,500	88,968
Central services	149,600	152,375	142,107
Operation of plant	1,077,019	1,088,443	1,070,331
Maintenance of plant	128,000	134,000	132,669
Administrative technology services	17,720	24,402	24,376
Total Current Expenditures	\$ 5,289,095	\$ 5,979,053	\$ 5,870,283

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

Requests for Information

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

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

Statement of Net Position
June 30, 2021

	Primary Government <hr/> Governmental Activities
<u>Assets</u>	
Current assets:	
Cash	\$ 1,790
Investments	3,763,000
Prepaid expenses	55,258
Due from other agencies	<u>628,161</u>
Total Current Assets	4,448,209
Due from other divisions of Mater Academy, Inc.	325,000
Deposits receivable	17,473
Capital assets, depreciable	947,743
Less: accumulated depreciation	<u>(569,870)</u>
	377,873
Right-to-use lease asset, net	<u>19,088,805</u>
Total Assets	<u>24,257,360</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	268,049
Accounts payable	<u>94,954</u>
	363,003
Lease liability	<u>19,318,879</u>
Total Liabilities	<u>19,681,882</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	
Net investment in capital assets	377,873
Restricted	119,860
Unrestricted	<u>4,077,745</u>
Total Net Position	<u>\$ 4,575,478</u>

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

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

Statement of Activities
For the year ended June 30, 2021

Primary Government Governmental activities:	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Instruction	\$ 3,654,035	\$ -	\$ 1,039,645	\$ -	\$ (2,614,390)
Student support services	94,357	-	58,800	-	(35,557)
Board	45,824	-	-	-	(45,824)
School administration	548,050	-	-	-	(548,050)
Fiscal services	126,300	-	-	-	(126,300)
Food services	88,968	114	133,352	-	44,498
Central services	142,107	-	-	-	(142,107)
Operation of plant	1,477,916	-	-	649,001	(828,915)
Maintenance of plant	149,740	-	-	-	(149,740)
Administrative technology services	24,376	-	-	-	(24,376)
Interest	646,478	-	-	-	(646,478)
Total governmental activities	6,998,151	114	1,231,797	649,001	(5,117,239)
General revenues:					
FTE and other nonspecific revenues				5,726,745	
Interest and fundraising revenue				16,681	
<hr/>					
Change in net position				626,187	
Net position, beginning				3,949,291	
Net position, ending				<u>\$ 4,575,478</u>	

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

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

Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Special Revenue Funds (Non Major)	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 1,790	\$ -	\$ -	\$ 1,790
Investments	3,763,000	-	-	3,763,000
Due from other agencies	-	25,513	45,402	70,915
Due from fund	45,402	94,347	-	139,749
Prepaid expenses	55,258	-	-	55,258
Total Assets	<u>3,865,450</u>	<u>119,860</u>	<u>45,402</u>	<u>4,030,712</u>
<u>Deferred Outflows of Resources</u>				
	-	-	-	-
<u>Liabilities</u>				
Salaries and wages payable	268,049	-	-	268,049
Accounts payable	94,954	-	-	94,954
Due to fund	94,347	-	45,402	139,749
Total Liabilities	<u>457,350</u>	<u>-</u>	<u>45,402</u>	<u>502,752</u>
<u>Deferred Inflows of Resources</u>				
	-	-	-	-
<u>Fund balance</u>				
Nonspendable, not in spendable form	55,258	-	-	55,258
Restricted	-	119,860	-	119,860
Unassigned	3,352,842	-	-	3,352,842
	<u>3,408,100</u>	<u>119,860</u>	<u>-</u>	<u>3,527,960</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,865,450</u>	<u>\$ 119,860</u>	<u>\$ 45,402</u>	<u>\$ 4,030,712</u>

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

iMater 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, 2021

Total Fund Balance - Governmental Funds \$ 3,527,960

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

Capital assets and right of use lease assets of
\$20,400,144 net of accumulated depreciation and
amortization of \$933,466 used in governmental
activities are not financial resources and therefore
are not reported in the fund. 19,466,678

Receivables in governmental activities that are not
available are not current financial resources, and
therefore are not reported in the governmental 557,246

Long term liabilities are not due and payable in the
current period and, therefore, are not reported in the
governmental funds. (19,318,879)

Long term deposits in governmental activities are
not financial resources and therefore are not
reported in the governmental funds. 17,473

Long term receivables of \$325,000 were not due in
the current period and therefore are not reported in
the governmental funds. 325,000

Total Net Position - Governmental Activities \$ 4,575,478

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

iMater 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, 2021

	General Fund	Special Revenue Funds (Non Major)	Capital Projects Fund	Total Governmental Funds
Revenues:				
State capital outlay funding	\$ -	\$ -	\$ 649,001	\$ 649,001
State passed through local	5,726,745	-	-	5,726,745
Federal sources	-	674,551	-	674,551
Charges for services and other revenue	16,681	114	-	16,795
Total Revenues	5,743,426	674,665	649,001	7,067,092
Expenditures:				
Current				
Instruction	2,574,151	1,023,150	-	3,597,301
Student support services	35,557	58,800	-	94,357
Board	45,824	-	-	45,824
School administration	548,050	-	-	548,050
Fiscal services	126,300	-	-	126,300
Food services	-	88,968	-	88,968
Central services	142,107	-	-	142,107
Operation of plant	1,070,331	-	-	1,070,331
Maintenance of plant	132,669	-	-	132,669
Administrative technology services	24,376	-	-	24,376
Capital Outlay:				
Right to use asset (building)	-	-	19,452,401	19,452,401
Other capital outlay	73,001	16,495	-	89,496
Debt Service:				
Principal	130,999	-	2,523	133,522
Interest	-	-	646,478	646,478
Total Expenditures	4,903,365	1,187,413	20,101,402	26,192,180
Excess of revenues over expenditures	840,061	(512,748)	(19,452,401)	(19,125,088)
Other financing sources (uses)				
Transfers in (out)	(557,246)	557,246	-	-
Increase in lease liability	-	-	19,452,401	19,452,401
Net change in fund balance	282,815	44,498	-	327,313
Fund Balance at beginning of year	3,125,285	75,362	-	3,200,647
Fund Balance at end of year	\$ 3,408,100	\$ 119,860	\$ -	\$ 3,527,960

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

iMater 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, 2021

Net Change in Fund Balance - Governmental Funds \$ 327,313

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$19,541,897 exceeded depreciation and amortization expense of \$481,390 19,060,507

Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds. These revenues were not available at year end and therefore not reported in the governmental funds. 557,246

Increases in debt issuance provide current financial resources to governmental funds, but issuing debt increased long term liabilities in the statement of net position. Decreases in debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of position. This is the amount by which decreases of \$133,522 differed from increases of \$19,452,401 \$(19,318,879)

Change in Net Position of Governmental Activities \$ 626,187

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

iMater 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, 2023. It can be renewed for additional terms in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Hialeah, Florida for students from sixth through eighth grade. These financial statements are for the year ended June 30, 2021, when on average 840 students were enrolled for the school year.

Basis of Presentation

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgets and Budgetary Accounting

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

Cash and Investments

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

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

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

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the governmentwide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds. Estimated useful lives, in years, for depreciable assets are as follows:

Leasehold improvements	10-20 Years
Furniture and equipment	5 Years
Software and computer equipment	3 Years
Right of use asset (building)	35 Years

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to receive one day per month up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. Employees may “cash out” unused sick days, however, the 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP.

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

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

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

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.

Prepaid Expenses

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

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance Classification

Government-wide financial statements

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

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

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

Fund financial statements

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes

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

New Account Standards Adopted

The School elected to early adopt Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the School's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School's 2021 financial statements and had no effect on the beginning net position of the General Fund as the lease agreement's commencement date was October 2020. The School recognized \$19,452,401 in net book value for the intangible right to use and a lease liability of \$19,452,401 for the School's premises. See Note 6.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 14, 2021, which is the date the financial statements were available to be issued.

Use of Estimates

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

Note 2 – Cash and Investments

Deposits

The School maintains its cash in two financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Mater Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Mater Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2021, bank balances in potential excess of FDIC coverage was \$2,447.

Note 2 – Cash and Investments (continued)

Investments

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

At June 30, 2021, the School had \$3,790,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2021, maturities of the fund's portfolio holdings are approximately 79% within 30 days.

Credit Risk

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

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2021, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

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

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

Note 3 –Capital Assets

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

	Balance 07/01/20	Additions	Retirements	Balance 06/30/21
Capital assets, depreciable:				
Leasehold improvements	\$ 192,559	\$ -	\$ -	192,559
Computer equipment and software	784,891	33,743	(455,793)	362,841
Furniture and equipment	628,479	55,753	(291,889)	392,343
Total Capital Assets	<u>\$ 1,605,929</u>	<u>\$ 89,496</u>	<u>\$ (747,682)</u>	<u>\$ 947,743</u>
Less Accumulated Depreciation:				
Leasehold improvements	(80,382)	(33,319)	-	(113,701)
Computer equipment and software	(665,361)	(44,706)	455,793	(254,274)
Furniture and equipment	(454,015)	(39,769)	291,889	(201,895)
Total Accumulated Depreciation	<u>(1,199,758)</u>	<u>(117,794)</u>	<u>747,682</u>	<u>(569,870)</u>
Capital Assets, net	<u>\$ 406,171</u>	<u>\$ (28,298)</u>	<u>\$ -</u>	<u>\$ 377,873</u>

The following schedule provides changes in other assets:

	Balance 07/01/20	Additions	Retirement	Balance 06/30/21
Right-to-use lease asset	\$ -	\$ 19,452,401	\$ -	\$ 19,452,401
Accumulated amortization	<u>-</u>	<u>(363,596)</u>	<u>-</u>	<u>(363,596)</u>
Right-to-use lease asset, net	<u>\$ -</u>	<u>\$ 19,088,805</u>	<u>\$ -</u>	<u>\$ 19,088,805</u>

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

	Depreciation	Amortization
Instruction	\$ 56,734	\$ -
Maintenance of plant	17,071	-
Operation of plant	43,989	363,596
Total Depreciation Expense	<u>\$ 117,794</u>	<u>\$ 363,596</u>

Note 4 –Education Service and Support Provider

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

The agreement is with Mater Academy, Inc. through June 30, 2022, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2021, the School incurred \$378,900 in fees under this agreement.

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

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

Mater Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. iMater Academy Middle School paid Mater Academy, Inc. approximately \$126,375 in connection with these charges during the year.

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

	Balance 07/01/20	Additions	Repayments	Balance 06/30/21
Mater Academy - Corporate account	\$ 325,000	\$ -	\$ -	\$ 325,000
Total Long Term Receivables	<u>\$ 325,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,000</u>

Note 6 – Commitments, Contingencies, and Concentrations

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

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

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

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

For 2021, rent expense for the School was \$406,648 and interest expense totaled \$656,478, as it relates to its lease agreements. Rent expense includes \$91,500 paid to Mater Academy Inc for the annex facility and \$54,000 paid directly to Hialeah School Development 2, LLC. The remaining expenses relate to the agreements with Mater Academy Foundation, Inc.

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

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2022	\$ 208,798	\$ 961,202	\$1,170,000	
2023	\$ 219,480	\$ 950,520	\$1,170,000	
2024	\$ 230,710	\$ 939,290	\$1,170,000	
2025	\$ 242,513	\$ 927,487	\$1,170,000	
2026	\$ 254,921	\$ 915,080	\$1,170,000	
2027-2031	\$ 1,484,103	\$ 4,365,897	\$5,850,000	(total for five-year period)
2032-2036	\$ 1,904,637	\$ 3,945,363	\$5,850,000	(total for five-year period)
2037-2041	\$ 2,444,332	\$ 3,405,668	\$5,850,000	(total for five-year period)
2042-2046	\$ 3,136,955	\$ 2,713,046	\$5,850,000	(total for five-year period)
2047-2051	\$ 4,025,838	\$ 1,824,162	\$5,850,000	(total for five-year period)
2052-2056	\$ 5,166,594	\$ 683,406	\$5,850,000	(total for five-year period)

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

	<u>Balance</u>			<u>Balance</u>
	<u>07/01/20</u>	<u>Increase</u>	<u>Decrease</u>	<u>06/30/21</u>
Lease liability	\$ -	\$19,452,401	\$(133,522)	\$19,318,879

Contingencies and Concentrations

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

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% (2% for high performing schools) of the qualifying revenues of the School. For the year ended June 30, 2021, administrative fees withheld by the School District totaled \$34,504.

Note 7 – Risk Management

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

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

Note 8 – Inter-fund Transfers

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

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund ESSER federal expenditures for which revenues were not available	\$ (481,577)	\$ 481,577	\$ -
To fund GEER federal expenditures for which revenues were not available	(75,669)	75,669	-
Total Transfers, net	<u>(557,246)</u>	<u>557,246</u>	<u>-</u>
Due to General Fund from Capital Projects Fund for capital outlay	45,402	-	(45,402)
Due to Special Revenue Fund from General Fund for restricted lunch fund:	(119,860)	119,860	-
Due to General Fund from Special Revenue Fund for Title IV	25,513	(25,513)	-
Total Due from/(Due to), net	<u>\$ (48,945)</u>	<u>\$ 94,347</u>	<u>\$ (45,402)</u>

Note 9 – Defined Contribution Retirement Plan

The School’s personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School matches 100% of the employee’s contributions up to 4% of the employee’s compensation. The School contributed to the Plan \$50,843 for the year ended June 30, 2021. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

REQUIRED SUPPLEMENTARY INFORMATION

iMater 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, 2021

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 5,710,953	\$ 5,721,130	\$ 5,726,745
Charges for services and other revenue	12,400	15,920	16,681
Total Revenues	<u>5,723,353</u>	<u>5,737,050</u>	<u>5,743,426</u>
EXPENDITURES			
Current:			
Instruction	1,986,601	2,585,644	2,574,151
Student support services	67,457	45,580	35,557
Board	50,900	51,594	45,824
School Administration	587,540	560,438	548,050
Fiscal Services	123,600	126,375	126,300
Central Services	149,600	152,375	142,107
Operation of Plant	1,077,019	1,088,443	1,070,331
Maintenance of Plant	128,000	134,000	132,669
Administrative technology services	17,720	24,402	24,376
Total Current Expenditures	<u>4,188,437</u>	<u>4,768,851</u>	<u>4,699,365</u>
Excess of Revenues Over Current Expenditures	<u>1,534,916</u>	<u>968,199</u>	<u>1,044,061</u>
Debt Service:			
Principal	-	130,999	130,999
Capital Outlay			
Other Capital Outlay	-	75,000	73,001
Total Capital Outlay and Debt Service Expenditures	<u>-</u>	<u>205,999</u>	<u>204,000</u>
Total Expenditures	<u>4,188,437</u>	<u>4,974,850</u>	<u>4,903,365</u>
Excess of Revenues Over Expenditures	1,534,916	762,200	840,061
Other financing sources (uses):			
Transfers in (out)	<u>(422,658)</u>	<u>(553,182)</u>	<u>(557,246)</u>
Net change in fund balance	1,112,258	209,018	282,815
Fund Balance at beginning of year	<u>3,125,285</u>	<u>3,125,285</u>	<u>3,125,285</u>
Fund Balance at end of year	<u>\$ 4,237,543</u>	<u>\$ 3,334,303</u>	<u>\$ 3,408,100</u>

Notes to Budgetary Comparison Schedule

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

iMater 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, 2021

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 648,000	\$ 649,000	\$ 649,001
Total Revenues	648,000	649,000	649,001
EXPENDITURES			
Current:			
Operation of Plant			-
Total Current Expenditures	-	-	-
Excess of Revenues Over Current Expenditures	648,000	649,000	649,001
Debt Service:			
Principal	2,523	2,523	2,523
Interest	645,477	646,477	646,478
Capital Outlay			
Right to use asset (building)	-	19,452,401	19,452,401
Total Capital Outlay and Debt Service Expenditures	648,000	20,101,401	20,101,402
Total Expenditures	648,000	20,101,401	20,101,402
Excess (deficit) of Revenues Over Expenditures	-	(19,452,401)	(19,452,401)
Other financing sources (uses)			
Increase in lease liability		19,452,401	19,452,401
Transfers in (out)	-	-	-
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

Notes to Budgetary Comparison Schedule

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



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

Board of Directors of
iMater Academy Middle School
Hialeah, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of iMater Academy Middle School (the "School"), as of, and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 may exist that have not been identified.

Compliance and Other Matters

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

A separate management letter dated September 14, 2021 has been issued pursuant to Chapter 10.850, Rules of the Auditor General.

Purpose of This Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2021



MANAGEMENT LETTER

Board of Directors of
iMater Academy Middle School
Hialeah, Florida

Report on the Financial Statements

We have audited the financial statements of iMater Academy Middle School as of and for the year ended June 30, 2021 and have issued our report thereon dated September 14, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 14, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no findings or recommendations made in the preceding audit report.

Official Title

Section 10.854.(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is iMater Academy Middle School, (W/L #6014).

Financial Condition and Management

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not iMater 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 iMater 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 iMater Academy Middle School. It is management's responsibility to monitor iMater 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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have such recommendations.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether iMater 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 iMater 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 14, 2021