



Mater Brighton Lakes Academy
W/L# 0163
(A charter school under Mater Academy Central, Inc.
and a component unit of The School District of Osceola County)
Kissimmee, FL

Financial Statements and
Independent Auditors' Report
June 30, 2022

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Mater Brighton Lakes Academy
(A charter school under Mater Academy Central, Inc.)
W/L# 0163
3200 Pleasant Hill Road
Kissimmee, FL 34746

2021-2022

Board of Directors

Cesar Christian Crousillat, Board Chair, Director
Shannie Sadesky, Vice Chair, Director
Idalia Suarez, Secretary, Director
Maurene Sotero Balmaseda, Student Alumni Representative, Director
Maria Beatriz (“Betty”) Nuñez, Director

School Administration

Carmen Cangemi, Principal

Other Non-voting Corporate Officers

Robert Blanch, President
Kim Guilarte, Chief Operating Officer



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mater Brighton Lakes Academy
Kissimmee, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Mater Brighton Lakes Academy (the "School"), a charter school under Mater Academy Central, Inc. as of, and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the 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 Brighton Lakes Academy as of June 30, 2022, 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 Central, 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 Brighton Lakes Academy'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.

396 Alhambra Circle, Suite 900, Coral Gables, FL 33134 • Tel: 305.446.3022 • Fax: 305.446.6319
www.hlbgravier.com

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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 Brighton Lakes Academy that is attributable to the transactions of the School and is not intended to be a complete presentation of Mater Academy Central, Inc. These financial statements do not purport to, and do not, present fairly the financial position of Mater Academy Central, Inc. as of June 30, 2022 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 31 through 32 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 20, 2022 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 20, 2022

CERTIFIED PUBLIC ACCOUNTANTS

Management's Discussion and Analysis
Mater Brighton Lakes Academy
(A Charter School Under Mater Academy Central, Inc.)
June 30, 2022

The corporate officers of Mater Academy Central, Inc. have prepared this narrative overview and analysis of Mater Brighton Lakes Academy's financial activities for the fiscal year ended June 30, 2022.

Financial Highlights

1. The net position of the Charter School as of June 30, 2022 was \$41,735.
2. At year-end, the School had current assets on hand of \$821,820.
3. The net position of the School decreased by (\$40,396) during the year.
4. The unassigned fund balance at year end was a deficit of (\$37,678).

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, 2022 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 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 the 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 – 30 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 \$41,735 at the close of the fiscal year. A summary of the School's net position as of June 30, 2022 and 2021 is as follows:

	2022	2021
Cash	\$ 143,999	\$ 211,547
Investments	165,000	1,040,000
Prepaid expenses	88,253	88,978
Due from other agencies	224,568	286,676
Due from Mater Academy, Inc.	200,000	-
Deposits receivable	47,164	47,164
Capital and right-of-use lease assets, net	18,908,535	19,162,746
Total Assets	19,777,519	20,837,111
Deferred outflows of resources	-	-
Accounts payable and accrued liabilities	430,431	352,303
Due to Mater Academy Foundation, Inc.	-	59,036
Deferred revenue	21,941	35,000
Notes payable to financial institutions	500,000	600,000
Due to Mater Academy, Inc.	-	720,000
Lease liability	18,783,412	18,988,641
Total Liabilities	19,735,784	20,754,980
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	62,162	91,196
Unrestricted	(20,427)	(9,065)
Total Net Position	\$ 41,735	\$ 82,131

At the end of both fiscal years, 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, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 1,181,496	\$ 885,004
Capital grants and contributions	840,284	836,411
Charges for Services	195,191	132,095
General Revenues		
Local Sources (FTE and other non specific)	8,246,344	6,761,034
Other Revenues	408,590	43,858
Total Revenues	<u>\$ 10,871,905</u>	<u>\$ 8,658,402</u>
EXPENSES		
Instruction	\$ 4,902,916	\$ 3,900,465
Student support services	53,885	55,807
Instructional staff training	19,294	3,381
Board	87,785	58,385
School administration	1,291,897	841,377
Facilities acquisition	-	145
Fiscal services	175,425	131,700
Food services	641,299	263,975
Central services	243,709	200,922
Pupil transportation	50,983	131,779
Operation of plant	1,981,542	1,396,650
Maintenance of plant	229,743	162,495
Administrative services	66,828	38,697
Community Services	211,038	77,201
Debt service	-	720,000
Interest	955,957	646,737
Total Expenses	<u>10,912,301</u>	<u>8,629,716</u>
Increase (Decrease) in Net Position	(40,396)	28,686
Net Position at Beginning of Year	82,131	53,445
Net Position at End of Year	<u>\$ 41,735</u>	<u>\$ 82,131</u>

The School's revenues and expenses increased by \$2,213,503 and \$2,282,585, respectively during the year. The School had a decrease in its net position of \$40,396.

Lease of Facility

The School leases a facility located at 3200 Pleasant Hill Road, Kissimmee, FL 34746.

Capital Improvement Requirements

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

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 \$50,575. The fund balance unassigned and available for spending at the School's discretion is a deficit of (\$37,678). 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, 2022 amounts to \$682,107 (net of accumulated depreciation) and right of use lease asset (building) \$18,226,428 (net of accumulated amortization). This investment in capital assets includes right of use lease asset (building), leasehold improvements and furniture, fixtures and equipment, motor vehicles, and computer software. The School has \$19,283,412 in long-term liabilities associated to capital assets and working capital.

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	\$ 841,502	\$ 841,502	\$ 840,284
Federal sources	1,337,940	1,358,074	1,358,663
Charges and other revenues	187,996	191,619	193,258
General Revenues			
FTE and other nonspecific revenues	7,896,898	8,243,489	8,246,344
Charges and other revenues	176,100	208,661	210,523
Total Revenues	<u>\$ 10,440,436</u>	<u>\$ 10,843,345</u>	<u>\$ 10,849,072</u>
CURRENT EXPENDITURES			
Component Unit Activities			
Instruction	\$ 4,383,551	\$ 4,763,355	\$ 4,758,576
Student support services	61,473	51,607	53,885
Instructional staff training	29,944	24,055	19,294
Board	66,823	88,420	87,785
School administration	1,317,764	1,294,665	1,288,907
Fiscal services	139,293	175,580	175,425
Food Services	698,798	622,225	619,882
Central services	185,293	243,709	243,709
Pupil transportation	84,330	28,677	28,604
Operation of plant	1,434,688	1,433,230	1,432,130
Maintenance of plant	135,000	226,468	226,434
Administrative services	84,976	68,327	66,828
Community Services	191,854	213,298	211,038
Total Current Expenditures	<u>\$ 8,813,787</u>	<u>\$ 9,233,616</u>	<u>\$ 9,212,497</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 Broward located at 6340 Sunset Drive, Miami, Florida 33143.

Mater Brighton Lakes Academy
(A charter school under Mater Academy Central, Inc.)

Statement of Net Position
June 30, 2022

<u>Assets</u>	Governmental Activities
Current assets:	
Cash	\$ 143,999
Investments	165,000
Due from other agencies	224,568
Due from Mater Academy, Inc.	200,000
Prepaid expenses and other current assets	88,253
Total Current Assets	821,820
Capital assets, net:	
Capital assets, depreciable	1,578,893
Less: accumulated depreciation	(896,786)
Right-of-use lease asset (building)	19,119,880
Less: accumulated amortization	(893,452)
Total Capital Assets, net	18,908,535
Deposit receivable	47,164
Total Assets	19,777,519
<u>Deferred Outflows of Resources</u>	-
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	238,192
Accounts payable	192,239
Notes payable to financial institutions	500,000
Lease liability, current	215,729
Deferred revenue	21,941
Total Current Liabilities	1,168,101
Lease liability	18,567,683
Total Liabilities	19,735,784
<u>Deferred Inflows of Resources</u>	-
<u>Net Position</u>	
Net investment in capital assets	62,162
Unrestricted	(20,427)
Total Net Position	\$ 41,735

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

Mater Brighton Lakes Academy
(A charter school under Mater Academy Central, Inc.)

Statement of Activities
For the year ended June 30, 2022

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 4,902,916	\$ -	\$ 712,317	\$ -	\$ (4,190,599)
Student support services	53,885	-	-	-	(53,885)
Instructional staff training	19,294	-	-	-	(19,294)
Board	87,785	-	-	-	(87,785)
School administration	1,291,897	-	-	-	(1,291,897)
Fiscal services	175,425	-	-	-	(175,425)
Food services	641,299	55,953	469,179	-	(116,167)
Central services	243,709	-	-	-	(243,709)
Pupil transportation	50,983	-	-	-	(50,983)
Operation of plant	1,981,542	1,933	-	840,284	(1,139,325)
Maintenance of plant	229,743	-	-	-	(229,743)
Administrative services	66,828	-	-	-	(66,828)
Community Services	211,038	137,305	-	-	(73,733)
Debt service	955,957	-	-	-	(955,957)
Total governmental activities	10,912,301	195,191	1,181,496	840,284	(8,695,330)
General revenues:					
FTE and other nonspecific revenues					8,246,344
Other revenues					408,590
Change in net position					(40,396)
Net position, beginning					82,131
Net position, ending					\$ 41,735

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

Mater Brighton Lakes Academy
(A charter school under Mater Academy Central, Inc.)

Balance Sheet - Governmental Funds
June 30, 2022

	General Fund	Capital Projects Fund	Special Revenue Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 134,387	\$ -	\$ 9,612	\$ 143,999
Investments	165,000	-	-	165,000
Due from other agencies	4,231	79,579	31,497	115,307
Due from fund	111,076	-	-	111,076
Prepaid expenses and other current assets	88,253	-	-	88,253
Total Assets	<u>502,947</u>	<u>79,579</u>	<u>41,109</u>	<u>623,635</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>				
Salaries and wages payable	238,192	-	-	238,192
Accounts payable	192,239	-	-	192,239
Deferred revenue	21,941	-	-	21,941
Due to fund	-	79,579	31,497	111,076
Total Liabilities	<u>452,372</u>	<u>79,579</u>	<u>31,497</u>	<u>563,448</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance</u>				
Nonspendable, not in spendable form	88,253	-	-	88,253
Assigned	-	-	9,612	9,612
Unassigned	(37,678)	-	-	(37,678)
	<u>50,575</u>	<u>-</u>	<u>9,612</u>	<u>60,187</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 502,947</u>	<u>\$ 79,579</u>	<u>\$ 41,109</u>	<u>\$ 623,635</u>

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

Mater Brighton Lakes Academy
(A charter school under Mater Academy Central, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Funds	\$ 60,187
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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	1,578,893	
Less: accumulated depreciation	(896,786)	
Right-of-use assets	19,119,880	
Less: right-of-use accumulated amortization	<u>(893,452)</u>	18,908,535

Receivables in governmental activities that are not collected within 60 days are not current financial resources and therefore are not reported in the governmental funds.	309,261
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Long term debt in governmental activities are not due and payable in the current period and therefore, is not reported in the governmental funds.	(19,283,412)
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Long term deposit receivable in governmental activities are not financial resources and therefore are not reported in the governmental fund.	47,164
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Total Net Position - Governmental Activities	<u>\$ 41,735</u>
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The accompanying notes are an integral part of these financial statements.

Mater Brighton Lakes Academy
(A charter school under Mater Academy Central, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2022

	General Fund	Capital Projects Fund	Special Revenue Funds	Total Governmental Funds
Revenues:				
State capital outlay funding	\$ -	\$ 840,284	\$ -	\$ 840,284
State passed through local	8,246,344	-	-	8,246,344
Federal sources	-	-	1,358,663	1,358,663
Lunch program	-	-	55,953	55,953
Charges and other revenue	210,523	-	137,305	347,828
Total Revenues	8,456,867	840,284	1,551,921	10,849,072
Expenditures:				
Current				
Instruction	4,081,784	-	676,792	4,758,576
Student support services	50,645	-	3,240	53,885
Instructional staff training	17,794	-	1,500	19,294
Board	87,785	-	-	87,785
School administration	1,288,907	-	-	1,288,907
Fiscal services	175,425	-	-	175,425
Food services	-	-	619,882	619,882
Central services	243,709	-	-	243,709
Pupil transportation	28,604	-	-	28,604
Operation of plant	1,432,130	-	-	1,432,130
Maintenance of plant	226,434	-	-	226,434
Administrative services	66,828	-	-	66,828
Community Services	55,114	-	155,924	211,038
Capital Outlay:				
Other capital outlay	341,055	-	148,581	489,636
Debt Service:				
Redemption of principal	305,229	-	-	305,229
Interest	115,673	840,284	-	955,957
Total Expenditures	8,517,116	840,284	1,605,919	10,963,319
Excess (deficit) of revenues over expenditures	(60,249)	-	(53,998)	(114,247)
Other financing sources (uses)				
Transfers in (out)	(35,006)	-	35,006	-
Repayments of long term advances	(720,000)	-	-	(720,000)
Net change in fund balance	(815,255)	-	(18,992)	(834,247)
Fund Balance at beginning of year	865,830	-	28,604	894,434
Fund Balance at end of year	\$ 50,575	\$ -	\$ 9,612	\$ 60,187

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

Mater Brighton Lakes Academy
(A charter school under Mater Academy Central, 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, 2022

Net Change in Fund Balance - Governmental Funds	\$ (834,247)
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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 differ from depreciation expense.

Capital outlays	489,636	
Depreciation and amortization expense	<u>(743,847)</u>	(254,211)

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 did not meet the recognition criteria during the current year and, therefore, were not reported in the governmental funds.

309,261

Prior year revenues recorded this year at the fund level	(286,428)
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Increase in long term liabilities is revenue in the governmental funds, but a decrease or repayment of such liabilities reduces liabilities in the statement of net position.

Increases in long-term liabilities	-	
Principal payments on long-term liabilities	<u>1,025,229</u>	<u>1,025,229</u>

Change in Net Position of Governmental Activities	<u>\$ (40,396)</u>
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The accompanying notes are an integral part of these financial statements.

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Mater Brighton Lakes Academy (the "School"), is a component unit of the School District of Osceola County, Florida (the "District"). The School's charter is held by Mater Academy Central, 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 Central, Inc., which is composed of five members and also governs other charter schools. Mater Academy Central, Inc. is a single member entity controlled by Mater Academy, Inc. These entities have board of director members in common. The board of directors has determined that no component units exist 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 District of Osceola County, Florida. The current charter expires on June 30, 2025 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 Kissimmee, Florida for students from kindergarten to eighth grade. These financial statements are from the year ended June 30, 2022, when on average 1,170 students were enrolled for the school year.

Basis of Presentation

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

Government-Wide and Fund Financial Statements

Government-wide Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Program revenues include: (1) charges for services and student activity fees; (2) operating grants such as 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.

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.

Special Revenue Fund – accounts for specific revenues, such as federal funding, federal lunch program, and COVID-19 emergency relief funding that are legally restricted to expenditures for particular purposes. Also, accounts for resources of the School's Internal Fund, which is used to administer monies collected in connection with school, student athletics, class, and club activities.

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 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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. 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.

Inter-fund Transfers

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

Note 1 – Summary of Significant Accounting Policies (continued)

Due from Other Governments or Agencies

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

Prepaid Expenses 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.

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 assets in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized.

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

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	5 Years
Furniture and equipment	3-5 Years
Right of use asset	35 Years

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to one day per month to 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 always maintain a minimum of twenty-one unused days in order to cash out.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Long-Term Debt and Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations 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.

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.

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.

In addition, the School may receive 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. Finally, the School receives a portion of the local capital improvement ad valorem tax revenues levied by the District.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Net Position and Fund Balance Classification

Government-wide financial statements

Net position are 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 do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

Fund financial statements

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

- a) Nonspendable – includes amounts that cannot be spent because they are either not expected to be converted to cash or 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.

Note 1 – Summary of Significant Accounting Policies (continued)

- d) Assigned - fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned fund balances at year end pertain to the School's internal account.
- e) Unassigned – portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net 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.

Income Taxes

Mater Academy Central, Inc. qualifies as a tax-exempt organization under the 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 20, 2022, 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 2022, the School adopted GASB issued Statement No. 92, Omnibus. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021. These changes were incorporated in the School's 2022 financial statements and had no effect.

Pronouncements Issued But Not Yet Effective

GASB has issued 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 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 June 15, 2022.

Note 2 – Cash and Investments

Deposits

The School maintains its cash and cash equivalents 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 Central, Inc. which also operates various other charter schools. All bank accounts are opened under the account ownership of Mater Academy Central, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2022, bank balances in potential excess of FDIC coverage was approximately \$190,000.

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, 2022, the School had \$760,000 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, 2022, maturities of the fund's portfolio holdings are approximately 87% 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, 2022, 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.

Mater Brighton Lakes Academy
(A Charter School under Mater Academy Central, Inc.)
Notes to Financial Statements
June 30, 2022

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, 2022:

	Balance 07/01/21	Additions	Retirements	Balance 06/30/22
Capital Assets, depreciable:				
Furniture, fixtures and equipment	\$ 1,572,520	\$ 295,875	\$ (544,242)	\$ 1,324,153
Leasehold improvements	58,678	69,876	(1,697)	126,857
Motor vehicles	-	123,885	-	123,885
Computer software	91,700	-	(87,702)	3,998
Total Capital Assets	1,722,898	489,636	(633,641)	1,578,893
Less Accumulated Depreciation:				
Furniture, fixtures and equipment	(1,180,615)	(175,641)	544,242	(812,014)
Leasehold improvements	(43,751)	(16,341)	1,697	(58,395)
Motor vehicles	-	(22,379)	-	(22,379)
Computer software	(91,478)	(222)	87,702	(3,998)
Total Accumulated Depreciation	(1,315,844)	(214,583)	633,641	(896,786)
Total Capital Assets, being depreciated, net	\$ 407,054	\$ 275,053	\$ -	\$ 682,107
Lease Assets: Right-of-use lease asset (building)	19,119,880	-	-	19,119,880
Less: Accumulated Amortization	(364,188)	(529,264)	-	(893,452)
Governmental Activities Capital Assets, net	\$18,755,692	\$ (529,264)	\$ -	\$18,226,428

For the fiscal year ended June 30, 2022, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	Depreciation	Amortization
Instruction	\$ 144,340	\$ -
School administration	2,990	-
Food services	21,417	-
Pupil transportation	22,379	-
Operation of plant	20,148	529,264
Maintenance of plant	3,309	-
Total Expense	<u>\$ 214,583</u>	<u>\$ 529,264</u>

Note 4 –Education Service and Support Provider

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

The agreement is with Mater Academy Central, Inc. through June 30, 2027, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2022, the School incurred \$526,275 in fees, of which approximately \$144,500 is included in accounts payable.

Note 5 –Transactions with other schools under Mater Academy Central, Inc.

For 2022, the School shares certain expenses with Mater Academy Preparatory High School, a charter school adjacent to the School campus. Management allocates a proportionate share of salaries, lunch receipts and expenses, supplies, and other operating expenses to each school individually based on student enrollment and usage of expenses and staff to these schools operated by Mater Academy Central, Inc. As a result of these allocations there at times, there may be due from or to balances between these schools.

As described in note 1, Mater Academy Central, Inc. and Mater Academy, Inc are affiliated entities. Mater Academy, Inc. charges all its affiliated schools an assessment for accreditation expenses. Mater Brighton Lakes Academy paid approximately \$175,425 in connection with these charges during the year.

During 2022, the School received a recoverable grant in the amount of \$350,000 for working capital from Mater Academy, Inc. In prior years, the School received recoverable grants in the amount of \$100,000. Based on the terms of the agreement; repayment of the funds will be contingent upon the school meeting certain financial conditions. The maximum amount the School may be required to pay in the future should the School meet the requirements for repayment is \$450,000.

The following schedule provides a summary of changes in long-term payables for the year ended:

	Balance 07/01/21	Increase	Decrease	Balance 06/30/22
Mater Academy, Inc.	\$ 720,000	\$ -	\$ (720,000)	\$ -
Total Long Term Payables	\$ 720,000	\$ -	\$ (720,000)	\$ -

Note 6 – Long Term Liabilities

Line of Credit

The School shares a \$2,500,000 revolving line of credit from a financial institution for working capital purposes with Mater Palms Academy and Mater Academy St. Cloud, all charter schools under Mater Academy Central, Inc. The facility bears an interest rate of 1.95% per annum, with a maturity date of October 1, 2021, as amended. The line of credit is secured by a certificate of deposit in the name of Mater Academy Inc. As of June 30, 2022, the outstanding balance on the line that pertains to the School is \$600,000.

On June 6, 2017, the School obtained financing collateralized by equipment and secured by Mater Academy, Inc. from a financial institution for a total loan balance of \$326,052. The terms require the loan to be repaid in 48 monthly installments that include principal and interest at a fixed interest rate of 3.78%. As of June 30, 2022, the loan was paid in full.

The following schedule provides a summary of changes in long term debt for the year ended June 30, 2022:

	Balance 6/30/21	Advances	Repayments	Balance 6/30/22
Revolving line of credit	\$ 600,000	\$ -	\$ (100,000)	\$ 500,000
Total Long Term Debt	\$ 600,000	\$ -	\$ (100,000)	\$ 500,000

Lease with Related Party

On October 20, 2020, the School entered into an Amended and Restated Lease and Security Agreement with Mater Academy Foundation Inc. for a charter school facility consisting of approximately 70,000 rentable square feet at 3200 Pleasant Hill Rd, Kissimmee, FL 34746. This new agreement continues through June 30, 2056, with two options to renew of five additional years each. The agreement calls for rent at a rate of \$1,250 per full-time student equivalent with a minimum enrollment of 920 students. 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.

Upon inception of the lease, the School has 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 2022. 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, 2022.

Note 6 – Long Term Liabilities (continued)

For 2022, interest expense totaled \$944,771 as it relates to this agreement. For 2022, variable and other payments of \$333,509 in connection with the lease agreement not previously included in the measurement of the lease liability were recorded in rent expense.

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

Year	Principal	Interest	Total	
2023	\$ 215,729	\$ 934,271	\$ 1,150,000	
2024	226,766	923,234	1,150,000	
2025	238,367	911,633	1,150,000	
2026	250,563	899,437	1,150,000	
2027	263,382	886,618	1,150,000	
2028-2032	1,533,365	4,216,634	5,749,999	Total for a five year period
2033-2037	1,967,858	3,782,142	5,750,000	Total for a five year period
2038-2042	2,525,467	3,224,533	5,750,000	Total for a five year period
2043-2047	3,241,080	2,508,919	5,749,999	Total for a five year period
2048-2052	4,159,469	1,590,531	5,750,000	Total for a five year period
2053-2056	4,161,366	438,633	4,599,999	Total for a four year period
	<u>\$ 18,783,412</u>	<u>\$ 20,316,585</u>	<u>\$ 39,099,997</u>	

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

	Balance 07/01/21	Increase	Decrease	Balance 06/30/22
Lease liability	<u>\$ 18,988,641</u>	<u>\$ -</u>	<u>\$ (205,229)</u>	<u>\$18,783,412</u>
Total Long Term Liabilities	<u>\$ 18,988,641</u>	<u>\$ -</u>	<u>\$ (205,229)</u>	<u>\$18,783,412</u>

Note 7 – 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.

Note 7 – Contingencies and Concentrations (continued)

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% (or 2% for high performing schools) of the qualifying revenues of the School. For the year ended June 30, 2022, administrative fees withheld by the School District totaled \$88,646.

Note 8 – Inter-fund Transfers

Interfund transfers in governmental funds consist of the following:

	General Fund	Capital Projects Fund	Special Revenue Funds
To fund lunch deficit	\$ (94,750)	\$ -	\$ 94,750
To fund community services from general fund	372	-	(372)
To fund ESSER federal expenditures for which revenues were not available	(227,056)	-	227,056
To return ESSER federal expenditures funded by operating in prior year	286,428	-	(286,428)
Total Transfers, net	<u>\$ (35,006)</u>	<u>\$ -</u>	<u>\$ 35,006</u>

Due from / (Due to) balances consist of the following:

Due to General Fund from Capital Projects Fund for capital outlay	\$ 79,579	\$ (79,579)	\$ -
Due to General Fund from Special Revenue Fund for Title I	31,497	-	(31,497)
Total Due from/(Due to)	<u>\$ 111,076</u>	<u>\$ (79,579)</u>	<u>\$ (31,497)</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, 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"), the School provides a match of 100% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$60,732 for the year ended June 30, 2022. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by Voya Financial.

REQUIRED SUPPLEMENTARY INFORMATION

Mater Brighton Lakes Academy
(A charter school under Mater Academy Central, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2022

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 7,896,898	\$ 8,243,489	\$ 8,246,344
Charges and other revenue	176,100	208,661	210,523
Total Revenues	8,072,998	8,452,150	8,456,867
EXPENDITURES			
Current:			
Instruction	3,622,963	4,084,086	4,081,784
Student support services	61,473	51,607	50,645
Instructional Staff Training	23,521	18,490	17,794
Board	66,823	88,420	87,785
School Administration	1,311,639	1,289,626	1,288,907
Fiscal Services	139,293	175,580	175,425
Central Services	185,293	243,709	243,709
Pupil Transportation	84,330	28,677	28,604
Operation of Plant	1,434,688	1,433,230	1,432,130
Maintenance of plant	135,000	226,468	226,434
Administrative services	84,976	68,327	66,828
Community Services	30,000	55,487	55,114
Total Current Expenditures	7,179,999	7,763,707	7,755,159
Excess of Revenues			
Over Current Expenditures	892,999	688,443	701,708
Capital Outlay	342,005	342,005	341,055
Debt Service:			
Redemption of principal	305,229	305,229	305,229
Interest	115,673	115,673	115,673
Total Capital Outlay and			
Debt Service Expenditures	762,907	762,907	761,957
Total Expenditures	7,942,906	8,526,614	8,517,116
Excess (Deficit) of Revenues Over Expenditures	130,092	(74,464)	(60,249)
Other financing sources (uses):			
Transfers in (out)	(256,667)	(69,031)	(35,006)
Repayments of long term advances	-	(720,000)	(720,000)
Net change in fund balance	(126,575)	(863,495)	(815,255)
Fund Balance at beginning of year	865,830	865,830	865,830
Fund Balance at end of year	\$ 739,255	\$ 2,335	\$ 50,575

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 Brighton Lakes Academy
(A charter school under Mater Academy Central, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2022

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 841,502	\$ 841,502	\$ 840,284
Total Revenues	841,502	841,502	840,284
EXPENDITURES			
Current:			
Total Current Expenditures	-	-	-
Excess of Revenues			
Over Current Expenditures	841,502	841,502	840,284
Debt Service:			
Interest	841,502	841,502	840,284
Total Capital Outlay and			
Debt Service Expenditures	841,502	841,502	840,284
Total Expenditures	841,502	841,502	840,284
Excess (Deficit) of Revenues Over Expenditures	-	-	-
Other financing sources (uses)			
Transfers in (out)	-	-	-
Increase in lease liability	-	-	-
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

To the Board of Directors of
Mater Brighton Lakes Academy
Kissimmee, 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 the aggregate remaining fund information of Mater Brighton Lakes Academy (the "School"), as of, and for the year ended June 30, 2022, 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 20, 2022.

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 20, 2022 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 20, 2022



MANAGEMENT LETTER

To the Board of Directors of
Mater Brighton Lakes Academy
Kissimmee, Florida

Report on the Financial Statements

We have audited the financial statements of Mater Brighton Lakes Academy, Kissimmee, Florida, as of and for the fiscal year ended June 30, 2022 and have issued our report thereon dated September 20, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent 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 20, 2022, 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 Mater Brighton Lakes Academy, 0163.

Financial Condition and Management

Section 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 Brighton Lakes Academy has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Mater Brighton Lakes Academy 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 Brighton Lakes Academy. It is management's responsibility to monitor Mater Brighton Lakes Academy 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 Mater Brighton Lakes Academy 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 Brighton Lakes Academy 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 District of Osceola 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 20, 2022