



Mater Academy Bay Middle
W/L# 6032

(A charter school under
Mater Academy, Inc.)

Financial Statements and
Independent Auditors' Report
June 30, 2024

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Mater Academy Bay Middle
(A charter school under Mater Academy, Inc.)
W/L# 6032

22025 SW 87th Avenue
Cutler Bay, FL 33190

2023-2024

Board of Directors

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

School Administration

Brenda Cruz, Principal

Other Non-voting Corporate Officers

Roberto Blanch, President
Kim Guilarte, Chief Operating Officer



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mater Academy Bay Middle
Cutler Bay, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Mater Academy Bay Middle (the "School"), a charter school under Mater Academy, Inc. as of, and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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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 the School that is attributable to the transactions of the School and is not intended to be a complete presentation of Mater Academy, Inc. These financial statements do not purport to, and do not, present fairly the financial position of Mater Academy, Inc. as of June 30, 2024 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 32 through 33 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 12, 2024 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 12, 2024

Management's Discussion and Analysis
Mater Academy Bay Middle
(A Charter School Under Mater Academy, Inc.)
June 30, 2024

The corporate officers of Mater Academy, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

1. The net position of the School at June 30, 2024 was \$1,798,365.
2. At year-end, the School had current assets on hand of \$1,921,534.
3. The School's net position increased by \$1,188,298 for the year ended June 30, 2024.
4. The unassigned fund balance at year end was \$1,213,373.

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, 2024 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

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

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

Fund Financial Statements

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

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide

financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for 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 – 31 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 \$1,798,365 at the close of the fiscal year. A summary of the School's net position as of June 30, 2024 and 2023 is as follows:

	2024	2023
Cash	\$ 13,153	\$ 4,173
Investments	728,000	290,000
Prepaid expenses and other current assets	62,281	355
Due from other agencies	1,118,100	902,053
Due from other agencies, long term	597,498	-
Capital assets and right of use asset, net	7,967,937	8,247,223
Total Assets	<u>10,486,969</u>	<u>9,443,804</u>
Deferred outflows of resources	-	-
Salaries and wages payable	239,128	174,198
Accounts payable and accrued liabilities	40,685	144,307
Note payable	-	2,476
Lease liability	8,408,791	8,512,756
Total Liabilities	<u>8,688,604</u>	<u>8,833,737</u>
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	(440,854)	(268,009)
Restricted	366,067	70,170
Unrestricted	1,873,152	807,906
Total Net Position	<u>\$ 1,798,365</u>	<u>\$ 610,067</u>

At the end of both fiscal years, the School can report positive balances in total net position.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2024 and 2023 is as follows.

	<u>2024</u>	<u>2023</u>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 973,164	\$ 547,647
Capital grants and contributions	384,171	276,344
Lunch Program	259,221	259,867
General Revenues		
State and local sources	5,683,815	3,676,113
Other Revenues	<u>231,636</u>	<u>20,297</u>
Total Revenues	\$ 7,532,007	\$ 4,780,268
EXPENSES		
Instruction	\$ 2,863,029	\$ 2,479,667
Student support services	8,482	22,974
Instructional staff training	28,829	19,682
Board	35,859	39,943
General administration	38,006	-
School administration	566,803	509,970
Facilities acquisition	156	133
Fiscal services	76,158	67,500
Food services	255,982	219,982
Central services	91,597	81,936
Student transportation services	13,257	-
Operation of plant	808,572	842,122
Maintenance of plant	168,714	162,007
Administrative technology services	39,882	23,672
Debt service	<u>1,348,383</u>	<u>383,565</u>
Total Expenses	<u>6,343,709</u>	<u>4,853,153</u>
Increase (Decrease) in Net Position	1,188,298	(72,885)
Net Position at Beginning of Year	<u>610,067</u>	<u>682,952</u>
Net Position at End of Year	<u>\$ 1,798,365</u>	<u>\$ 610,067</u>

The School's revenues and expenses increased by \$2,751,739 and \$1,490,556, respectively during the year. The School's net position increased by \$1,188,298 during the year.

Lease of Facility

The School leases a facility located at 22205 SW 87th Avenue, Cutler Bay, FL 33190.

Capital Improvements 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 \$1,558,413. The fund balance unassigned and available for spending at the School's discretion is \$1,213,373. 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, 2024 amounts to \$81,694 (net of accumulated depreciation) and right of use lease asset (building) \$7,886,243 (net of accumulated amortization). This investment in capital assets includes right of use lease asset (building), improvements, and furniture, fixtures and equipment. As of June 30, 2024, the School had long-term liabilities of \$8,408,791 associated to its capital assets.

The lease asset is amortized using the straight-line method over the term of the lease and the lease liability amortizes based on the effective interest method resulting in a higher liability and expense during the early years of the lease.

Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital grants and contributions	\$ 363,090	\$ 375,940	\$ 384,171
Federal sources	1,214,027	1,450,566	1,481,563
Lunch program	173,100	249,700	259,221
General Revenues			
State and local sources	4,147,917	4,956,846	5,086,317
Charges and other revenues	144,404	200,714	231,636
Total Revenues	<u>\$ 6,042,538</u>	<u>\$ 7,233,766</u>	<u>\$ 7,442,908</u>
CURRENT EXPENDITURES			
Instruction	\$ 2,530,841	\$ 2,834,389	\$ 2,812,441
Student support services	45,110	10,000	8,482
Instructional staff training	31,500	31,500	28,829
Board	37,500	40,050	35,233
General administration	91,125	40,120	38,006
School administration	631,969	660,068	566,670
Fiscal services	77,583	76,158	76,158
Food services	262,337	266,456	246,083
Central services	93,136	93,068	91,597
Student transportation services	15,000	15,000	13,257
Operation of plant	668,053	596,092	554,508
Maintenance of plant	185,394	212,747	164,853
Administrative technology services	47,156	40,752	39,882
Total Current Expenditures	<u>\$ 4,716,704</u>	<u>\$ 4,916,400</u>	<u>\$ 4,675,999</u>

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

Requests for Information

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

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

Statement of Net Position
June 30, 2024

	Primary Government Governmental Activities
<u>Assets</u>	
Current assets:	
Cash	\$ 13,153
Investments	728,000
Prepaid expenses and other current assets	62,281
Due from other agencies	1,118,100
Total Current Assets	1,921,534
Capital assets, depreciable	615,657
Less: accumulated depreciation	(533,963)
Right of use lease asset	8,789,875
Less: accumulated amortization	(903,632)
	7,967,937
Due from other agencies, long term	597,498
Total Assets	10,486,969
<u>Deferred Outflows of Resources</u>	-
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	239,128
Accounts payable and accrued liabilities	40,685
Lease liability, current portion	109,285
Total current liabilities	389,098
Lease liability	8,299,506
Total Liabilities	8,688,604
<u>Deferred Inflows of Resources</u>	-
<u>Net Position</u>	
Net investment in capital assets	(440,854)
Restricted	366,067
Unrestricted	1,873,152
Total Net Position	\$ 1,798,365

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

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

Statement of Activities

For the year ended June 30, 2024

Primary Government 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	\$ 2,863,029	\$ -	\$ 769,148	\$ -	\$ (2,093,881)
Student support services	8,482	-	-	-	(8,482)
Instructional staff training	28,829	-	23,678	-	(5,151)
Board	35,859	-	-	-	(35,859)
General administration	38,006	-	-	-	(38,006)
School administration	566,803	-	115,374	-	(451,429)
Facilities acquisition	156	-	-	-	(156)
Fiscal services	76,158	-	-	-	(76,158)
Food services	255,982	67,587	191,634	-	3,239
Central services	91,597	-	-	-	(91,597)
Student transportation services	13,257	-	-	-	(13,257)
Operation of plant	808,572	-	25,082	384,171	(399,319)
Maintenance of plant	168,714	-	-	-	(168,714)
Administrative technology services	39,882	-	39,882	-	-
Debt service	1,348,383	-	-	-	(1,348,383)
Total governmental activities	6,343,709	67,587	1,164,798	384,171	(4,727,153)

General revenues:

State and local sources	5,683,815
Investment earnings and other revenues	231,636

Change in net position 1,188,298

Net position, beginning	610,067
Net position, ending	\$ 1,798,365

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

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

Balance Sheet - Governmental Funds
June 30, 2024

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 13,153	\$ -	\$ -	\$ 13,153
Investments	644,692	-	83,308	728,000
Due from other agencies	569,045	22,202	526,853	1,118,100
Due from fund	549,055	-	-	549,055
Prepaid expenses and other current assets	62,281	-	-	62,281
Total Assets	1,838,226	22,202	610,161	2,470,589
<u>Deferred Outflows of Resources</u>	-	-	-	-
<u>Liabilities</u>				
Salaries and wages payable	239,128	-	-	239,128
Accounts payable and accrued liabilities	40,685	-	-	40,685
Due to fund	-	22,202	526,853	549,055
Total Liabilities	279,813	22,202	526,853	828,868
<u>Deferred Inflows of Resources</u>	-	-	-	-
<u>Fund Balance</u>				
Nonspendable, not in spendable form	62,281	-	-	62,281
Restricted	282,759	-	83,308	366,067
Unassigned	1,213,373	-	-	1,213,373
	1,558,413	-	83,308	1,641,721
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,838,226	\$ 22,202	\$ 610,161	\$ 2,470,589

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

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balance - Governmental Funds \$ 1,641,721

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

Depreciable and non-depreciable capital assets net of
accumulated depreciation used in governmental activities
are not financial resources and therefore are not reported in
the fund.

Capital assets, depreciable	615,657	
Less: accumulated depreciation	(533,963)	
Right of use lease asset	8,789,875	
Less: accumulated amortization	<u>(903,632)</u>	7,967,937

Receivables in governmental activities that are not available
are not current financial resources and, therefore, are not
reported in the governmental funds. 597,498

Long term debt was not due and payable in the current
period and therefore are not reported in the governmental
funds. (8,408,791)

Total Net Position - Governmental Activities \$ 1,798,365

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

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2024

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
Revenues:				
State and local sources	\$ 5,086,317	\$ -	\$ -	\$ 5,086,317
Capital grants and contributions	-	384,171	-	384,171
Federal sources	-	-	1,481,563	1,481,563
Lunch program	-	-	259,221	259,221
Charges and other revenue	231,636	-	-	231,636
Total Revenues	5,317,953	384,171	1,740,784	7,442,908
Expenditures:				
Current				
Instruction	2,717,841	-	94,600	2,812,441
Student support services	8,482	-	-	8,482
Instructional staff training services	5,151	-	23,678	28,829
Board	35,233	-	-	35,233
General administration	38,006	-	-	38,006
School administration	451,296	-	115,374	566,670
Fiscal services	76,158	-	-	76,158
Food services	-	-	246,083	246,083
Central services	91,597	-	-	91,597
Student transportation services	13,257	-	-	13,257
Operation of plant	529,426	-	25,082	554,508
Maintenance of plant	164,853	-	-	164,853
Administrative technology services	-	-	39,882	39,882
Capital Outlay:				
Other capital outlay	40,041	-	-	40,041
Debt service:				
Repayment of principal	-	106,441	-	106,441
Interest expense	-	423,383	-	423,383
Total Expenditures	4,171,341	529,824	544,699	5,245,864
Excess (deficit) of revenues over expenditures	1,146,612	(145,653)	1,196,085	2,197,044
Other financing sources (uses)				
Transfers in (out)	1,037,294	145,653	(1,182,947)	-
Repayment of recoverable grant	(925,000)	-	-	(925,000)
Net change in fund balance	1,258,906	-	13,138	1,272,044
Fund Balance at beginning of year	299,507	-	70,170	369,677
Fund Balance at end of year	\$ 1,558,413	\$ -	\$ 83,308	\$ 1,641,721

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

Mater Academy Bay Middle
(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, 2024

Net Change in Fund Balance - Governmental Funds \$ 1,272,044

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. These amounts during the year were as follows:

Capital Outlay, net of disposals	40,041	
Depreciation and amortization expense	<u>(319,327)</u>	(279,286)

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.

89,099

Increase in long term debt is revenue in the governmental funds, but a decrease or repayment of such payables reduces liabilities in the statement of net position.

Principal payments on long-term debt	<u>106,441</u>	<u>106,441</u>
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Change in Net Position of Governmental Activities \$ 1,188,298

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Mater Academy Bay Middle (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 Bay Middle, 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 six 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, 2032 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 Cutler Bay, Florida for students from sixth through eighth grade. These financial statements are for the year ended June 30, 2024, when on average 481 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 state and local 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 outflow of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds:

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

Special Revenue Fund - accounts for specific revenues, such as federal 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 other local capital outlay as authorized by Charter School Capital Outlay, Section 1013.62.

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)

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

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

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, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, nonmarketable 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Inter-fund Transfers

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

Due from Other Governments or Agencies

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

Deferred Outflows/Inflows of Resources

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

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

Prepaid Expenses and Other Current 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 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 costs of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Note 1 – Summary of Significant Accounting Policies (continued)

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 depreciable assets are as follows:

Building improvements	10-20 Years
Furniture, software and equipment	3-5 Years
Right to use asset (building)	35 Years

Long-Term Debt and Liabilities

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

Compensated Absences

The School grants a specific number of personal time off. 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 days for personal time off, however, employees may only cash out if they have used three days or less 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 days. Non-exempt and office salaried employees are not eligible to “cash out” unused personal time off 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.

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 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 receives a portion of the local operating millage revenues levied by the District (Secure our Future Referendum).

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 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.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

- 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 listed below:

- a) Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with prepaid expenses. All nonspendable fund balances at year end pertain to assets not in spendable form.
- a) 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. \$282,759 in restricted balances at year end pertain to unspent Secure our Future referendum revenues and \$83,308 pertain to the School's lunch program.
- b) 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.
- c) 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.
- d) 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.

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.

New Accounting Standard Adopted

In fiscal year 2024, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: GASB Statement No. 100, Accounting Changes and Error Corrections. The adoption had no material effect on the School's 2024 financial statements.

Pronouncements Issued But Not Yet Effective

GASB has issued GASBS Statement No. 101, Compensating Absences. This Statement provides guidance on the accounting and financial reporting for certain types of compensated absences including parental leave, military leave, and injury duty leave. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The School is currently evaluating the effect that implementation of the new standard will have on its 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 12, 2024, which is the date the financial statements were available to be issued.

Note 2 – Cash, Cash Equivalents 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, Inc., which also operates various other charter schools.

Note 2 – Cash, Cash Equivalents and Investments (continued)

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, 2024, bank balances in potential excess of FDIC coverage were approximately \$9,000.

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, 2024, the School had \$2,020,000 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, 2024, maturities of the fund's portfolio holdings are approximately 86% 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, 2024, 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.

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Notes to Financial Statements
June 30, 2024

Note 3 –Due from Other Agencies

The following is due from other agencies as of June 30, 2024:

Funding Source	Governmental Fund	Balance
Due from Miami-Dade County Public Schools, referendum	General Fund	\$ 569,045
ESSER III	Special Revenue Fund	460,604
ESSER II	Special Revenue Fund	66,249
Capital Outlay	Capital Projects Fund	22,202
Total Due from other agencies, current		<u>\$ 1,118,100</u>
Due from Miami-Dade County Public Schools, referendum, long-term portion		597,498
Total Due from Other Agencies		<u>\$ 1,715,598</u>

Note 4 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2024:

	Balance 07/01/23	Additions	Retirements/ Reclassifications	Balance 06/30/24
Buildings and Improvements	\$ 24,712	\$ 25,740	\$ -	50,452
Audiovisual equipment	47,442	-	-	47,442
Furniture, fixtures and equipment	633,080	20,130	(135,447)	517,763
Total Capital Assets	<u>\$ 705,234</u>	<u>\$ 45,870</u>	<u>\$ (135,447)</u>	<u>\$ 615,657</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(5,757)	(7,417)	(4,703)	(17,877)
Audiovisual equipment	(41,202)	(4,956)	-	(46,158)
Furniture, fixtures and equipment	(543,740)	(60,509)	134,321	(469,928)
Total Accumulated Depreciation	<u>(590,699)</u>	<u>(72,882)</u>	<u>129,618</u>	<u>(533,963)</u>
Capital Assets, net	<u>\$ 114,535</u>	<u>\$ (27,012)</u>	<u>\$ (5,829)</u>	<u>\$ 81,694</u>
Lease Assets:				
Right to use leased asset (building)	8,789,875	-	-	8,789,875
Less accumulated amortization:	(657,187)	(246,445)	-	(903,632)
Total Lease Assets being amortized, net	<u>8,132,688</u>	<u>(246,445)</u>	<u>-</u>	<u>7,886,243</u>
Governmental Activities Capital Assets, net	<u>\$ 8,247,223</u>	<u>\$ (273,457)</u>	<u>\$ (5,829)</u>	<u>\$ 7,967,937</u>

Note 4 – Capital Assets (continued)

For the fiscal year ended June 30, 2024, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	Depreciation	Amortization
Instruction	\$ 50,588	\$ -
Board	626	-
School administration	133	-
Facilities acquisition	156	-
Food services	9,899	-
Operation of plant	7,619	246,445
Maintenance of plant	3,861	-
Total Expense	<u>\$ 72,882</u>	<u>\$ 246,445</u>

Note 5 – Education Service and Support Provider

Academica Dade, LLC, an educational service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting, and virtual education services. The agreement calls for a fee on a per student basis. The agreement is with Mater Academy, Inc. through June 30, 2028, and unless terminated by the board and unless terminated by the board will have the option to renew for an additional five-year period. During the year ended June 30, 2024, the School incurred \$228,475 in fees related to this agreement.

Note 6 – Transactions with other divisions of Mater Academy, Inc.

During the year ended June 30, 2024, the School's facility was shared with Mater Academy Bay and Mater Academy Bay High School (charter schools under Mater Academy, Inc.). Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment, usage of facilities, and staff to these schools and other schools operated by Mater Academy, Inc.

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

Note 6 – Transactions with other divisions of Mater Academy, Inc. (Continued)

Mater Academy, Inc. charged all its affiliated schools an assessment for shared corporate costs and accreditation expenses. The School paid Mater Academy, Inc. \$72,150 in connection with these charges during the year.

Recoverable Grant

To date, the School has received \$925,000 in recoverable grants from Mater Academy, Inc. The purpose of this grant is for the School to fund operating expenses. Under the terms of the grant, the School would repay corporate account of Mater Academy, Inc. in the event the School experiences a surplus of its operating budget for any period ending on June 30, following the execution of the agreement. During the year, management determined that the School had met the qualifications for repayment and the School paid the remaining outstanding balance of \$925,000.

Note 7 – Long Term Liabilities

On October 20, 2020, the School's entered into a lease and security agreement with Mater Academy Foundation, Inc. ("Foundation"). The Foundation is a not-for-profit supporting organization of Mater Academy, Inc. under Section 509(a)(3) of the Internal Revenue Code. The 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 1,000 on year one and 1,380 thereafter. The annual fixed rent per square foot is adjusted annually based on the Consumer Price Index (CPI).

At the time of the initial measurement, the lease right of use asset and liability were allocated between School and Mater Academy Bay and Mater Academy Bay High School based on enrollment and usage of facility. The allocation used was approximately 61% for Bay, 8% for Bay High and 31% for the School and there was no interest rate specified in the original lease agreement. The School used an average effective interest for several borrowings during fiscal year 2021 and 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.

For the year ended June 30, 2024, interest expense totaled \$423,277 as it relates to the lease agreement. During the year, the School also incurred \$83,457 in variable payments related to the lease agreement.

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Notes to Financial Statements
June 30, 2024

Note 7 – Long Term Liabilities (Continued)

Annual requirements to amortize the lease liability and related interest, to be shared by the three schools, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2025	\$ 109,285	\$ 417,958	\$ 527,243	
2026	114,876	412,366	527,242	
2027	120,753	406,489	527,242	
2028	126,931	400,311	527,242	
2029	133,425	393,817	527,242	
2030-2034	776,779	1,859,433	2,636,212	(Total for five-year period)
2035-2039	996,886	1,639,326	2,636,212	(Total for five-year period)
2040-2044	1,279,362	1,356,850	2,636,212	(Total for five-year period)
2045-2049	1,641,880	994,332	2,636,212	(Total for five-year period)
2050-2054	2,107,121	529,091	2,636,212	(Total for five-year period)
2055-2056	1,001,493	52,992	1,054,485	(Total for two-year period)
	<u>\$8,408,791</u>	<u>\$8,462,965</u>	<u>\$16,871,756</u>	

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

	<u>Balance</u> <u>07/01/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/24</u>
Lease liability	<u>\$ 8,512,756</u>		<u>\$(103,965)</u>	<u>8,408,791</u>
Total lease liability	<u>\$ 8,512,756</u>	<u>\$ -</u>	<u>\$(103,965)</u>	<u>\$ 8,408,791</u>

On July 25, 2019 the School obtained equipment financing from a financial institution for a total loan balance of \$114,467. This financing was utilized to purchase fixed assets for the School and will be repaid in 48 monthly principal and interest at a fixed interest rate of 3.95%. The outstanding balance was fully paid off during the year.

The following schedule provides a summary of changes in related party long-term debt for the

	<u>Balance</u> <u>07/01/23</u>	<u>Advances</u>	<u>Repayments</u>	<u>Balance</u> <u>06/30/24</u>
Note payable	<u>\$ 2,476</u>	<u>\$ -</u>	<u>\$ (2,476)</u>	<u>\$ -</u>
Total note payable	<u>\$ 2,476</u>	<u>\$ -</u>	<u>\$ (2,476)</u>	<u>\$ -</u>

Note 8 – Contingencies and Concentrations

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

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2024, administrative fees withheld by the School District totaled \$38,006.

Note 9 – Interfund Transfers and Balances

Interfund transfers in governmental funds as of June 30, 2024 consist of the following :

	General Fund	Special Revenue Funds	Capital Projects Fund
To fund debt service payments	\$ (145,653)	\$ -	\$ 145,653
To reimburse general fund for prior period expenditures	1,182,947	(1,182,947)	-
Total Transfers, net	<u>\$ 1,037,294</u>	<u>\$ (1,182,947)</u>	<u>\$ 145,653</u>

Due from/(Due to) fund balances are as follows:

	General Fund	Special Revenue Funds	Capital Projects Fund
Due to General Fund from Capital Projects Fund for capital outlay	\$ 22,202	\$ -	\$ (22,202)
Due to general fund from special revenue fund for federal grants	526,853	(526,853)	-
Total Due from/(Due to)	<u>\$ 549,055</u>	<u>\$ (526,853)</u>	<u>\$ (22,202)</u>

Note 10 – 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 three years.

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 agreement, 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 11 – Defined Contribution Retirement Plan

The School’s personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), for the 2023-2024 school year the School matched 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$51,958 for the year ended June 30, 2024. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

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Note 12 – Referendum

On November 6, 2018, and November 8, 2022, the voters of Miami-Dade approved and renewed, respectively, the Secure Our Future Referendum to raise/maintain teacher compensation and improve school safety and security. The Miami-Dade County School District shares a portion with charter schools. The District entered into a settlement agreement with the School for the 2018 Referendum funds not received for the 2019-2020; 2020-2021; 2021-2022 school years. The District agreed to pay these funds totaling \$1,166,543 (including interest) to the School in two installments in August 2024 and July 2025.

	2022-2023
Funds Allocation	\$ 414,966
Less: Actual Expenditures	(273,886)
Rollover revenues as of June 30, 2023	<u>\$ 141,080</u>
Funds Re-Allocated from charter holder based on actual expenditures	7,510
Less: Actual Expenditures	(148,590)
Restricted 2022-2023 Referendum as of June 30, 2024	<u>\$ -</u>
	2023-2024
Actual Allocation	\$ 703,662
Less: 2023-2024 Contingency	(35,183)
2023-2024 Referendum Funds, net of contingency	668,479
Less: Actual Expenditures	(385,720)
Restricted 2023-2024 Referendum as of June 30, 2024	<u>\$ 282,759</u>
Total Referendum Revenue Recognized for Allowable Expenditures:	
2022-2023 Referendum Funds	\$ 148,590
2023-2024 Referendum Funds, net of contingency	668,479
2018 Referendum Settlement Agreement, excluding interest of \$191,628	974,915
Total per Government-Wide Statement of Activities	<u>1,791,984</u>
Less: Due from Miami-Dade County Public Schools, referendum, long-term portion	(597,498)
Total per Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	<u>\$ 1,194,486.00</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2024

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State and local sources	\$ 4,147,917	\$ 4,956,846	\$ 5,086,317
Charges and other revenue	144,404	200,714	231,636
Total Revenues	4,292,321	5,157,560	5,317,953
EXPENDITURES			
Current:			
Instruction	2,306,749	2,733,523	2,717,841
Student support services	45,110	10,000	8,482
Instructional staff training	6,000	6,000	5,151
Board	37,500	40,050	35,233
General Administration	91,125	40,120	38,006
School administration	511,469	541,416	451,296
Fiscal Services	77,583	76,158	76,158
Central services	93,136	93,068	91,597
Student transportation services	15,000	15,000	13,257
Operation of plant	633,012	567,442	529,426
Maintenance of Plant	185,394	212,747	164,853
Total Current Expenditures	4,002,078	4,335,524	4,131,300
Excess (deficit) of Revenues Over Current Expenditures	290,243	822,036	1,186,653
Capital Outlay			
Other Capital Outlay	45,750	45,750	40,041
Total Expenditures	4,047,828	4,381,274	4,171,341
Excess (deficit) of Revenues Over Expenditures	244,493	776,286	1,146,612
Other financing sources (uses):			
Transfers in (out)	505,767	965,506	1,037,294
Repayment of recoverable grant	-	(925,000)	(925,000)
Net change in fund balance	750,260	816,792	1,258,906
Fund Balance at beginning of year	299,507	299,507	299,507
Fund Balance at end of year	\$ 1,049,767	\$ 1,116,299	\$ 1,558,413

Notes to Budgetary Comparison Schedule

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

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2024

	Special Revenue Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 1,214,027	\$ 1,450,566	\$ 1,481,563
Lunch program	173,100	249,700	259,221
Total Revenues	1,387,127	1,700,266	1,740,784
EXPENDITURES			
Current:			
Instruction	224,092	100,866	94,600
Instructional staff training services	25,500	25,500	23,678
School administration	120,500	118,652	115,374
Food services	262,337	266,456	246,083
Operation of plant	35,041	28,650	25,082
Administrative technology services	47,156	40,752	39,882
Total Current Expenditures	714,626	580,876	544,699
Excess of Revenues			
Over Current Expenditures	672,501	1,119,390	1,196,085
Total Expenditures	714,626	580,876	544,699
Excess of Revenues Over Expenditures	672,501	1,119,390	1,196,085
Other financing sources (uses)			
Transfers in (out)	(672,501)	(1,119,390)	(1,182,947)
Net change in fund balance	-	-	13,138
Fund Balance at beginning of year	70,170	70,170	70,170
Fund Balance at end of year	\$ 70,170	\$ 70,170	\$ 83,308

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 Academy Bay Middle
Miami, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Mater Academy Bay Middle (the "School"), as of, and for the year ended June 30, 2024, 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 12, 2024.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct 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 School'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 weaknesses may exist that were not identified.

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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 12, 2024 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 12, 2024



MANAGEMENT LETTER

To the Board of Directors of
Mater Academy Bay Middle
Cutler Bay, Florida

Report on the Financial Statements

We have audited the financial statements of Mater Academy Bay Middle, Florida, as of and for the fiscal year ended June 30, 2024 and have issued our report thereon dated September 12, 2024.

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 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 12, 2024, 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 recommendation in the preceding audit report.

Official Title

Section 10.854.(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Mater Academy Bay Middle, 6032.

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Financial Condition and Management

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Mater Academy Bay Middle has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Mater Academy, Inc. Charter Schools did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Mater Academy Bay Middle. It is management's responsibility to monitor Mater Academy Bay Middle financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether Mater Academy Bay Middle maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Mater Academy Bay Middle 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, requires us to communicate noncompliance with provisions of contracts or grant agreements, fraud, waste or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and 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 12, 2024