



Mater Academy Bay
W/L# 4010

(A charter school under
Mater Academy, Inc.)

Miami, Florida

Financial Statements and
Independent Auditors' Report
June 30, 2021

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Mater Academy Bay
(A charter school under Mater Academy, Inc.)
W/L# 4010

22025 SW 87th Avenue
Cutler Bay, FL 33190

2020-2021

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

School Administration

Brenda Cruz, Principal

Other Non-voting Corporate Officers

Roberto Blanch, President



INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

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

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

Other Reporting Required by Government Auditing Standards

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2021 the School adopted new accounting guidance, GASB No. 84, Fiduciary Activities and GASB No 87, Leases. Our opinion is not modified with respected to this matter.



Coral Gables, Florida
September 14, 2021

CERTIFIED PUBLIC ACCOUNTANTS

Management's Discussion and Analysis
Mater Academy Bay
(A Charter School Under Mater Academy, Inc.)
June 30, 2021

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

Financial Highlights

1. The net position of the School at June 30, 2021 was \$205,684.
2. At year-end, the School had current assets on hand of \$3,586,743.
3. The net position of the School decreased by \$92,434 during the year.
4. The unassigned fund balance at year end was \$1,491,215.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 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 general fund 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 \$205,684 at the close of the fiscal year. A summary of the School's net position as of June 30, 2021 and 2020 is as follows:

	2021	2020
Cash and cash equivalents	\$ 238,308	\$ 175,682
Investments	2,170,000	450,000
Prepaid expenses	199,376	10,226
Due from other agencies	974,772	129,929
Other current assets	4,287	58,220
Prepaid rent to affiliates	-	700,000
Capital assets, net	1,027,015	5,404,281
Right-to-use lease asset, net	17,202,827	-
Total Assets	21,816,585	6,928,338
Deferred outflows of resources	-	-
Salaries and wages payable	365,459	261,110
Accounts payable	452,713	480,596
Retainage payable	-	41,305
Long-term debt	-	51,622
Due to other divisions of Mater Academy, Inc.	3,430,000	5,930,000
Lease liability	17,362,729	-
Total Liabilities	21,610,901	6,764,633
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	122,659	122,659
Unrestricted	83,025	41,046
Total Net Position	\$ 205,684	\$ 163,705

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, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 897,874	\$ 20,269
Capital Outlay Funding	693,011	574,268
Lunch Program	199,192	313,049
Charges for Services	385,893	511,639
General Revenues		
Local Sources (FTE and other non specific)	6,284,147	5,652,264
Other Revenues	<u>998,426</u>	<u>523,402</u>
Total Revenues	<u>\$ 9,458,543</u>	<u>\$ 7,594,891</u>
EXPENSES		
Instruction	\$ 4,481,563	\$ 3,553,892
Student support services	37,209	26,111
Instructional staff training	-	2,631
Board	93,073	38,981
School administration	792,714	815,687
Facilities acquisition	7,641	282,493
Fiscal services	129,225	113,925
Food services	160,515	248,032
Central services	157,385	132,859
Operation of plant	2,091,223	1,987,003
Maintenance of plant	296,244	270,412
Administrative technology services	19,132	24,658
Community services	201,896	-
Interest on long-term debt	583,157	3,027
Debt service	<u>500,000</u>	<u>-</u>
Total Expenses	<u>9,550,977</u>	<u>7,499,711</u>
Increase (decrease) in Net Position	(92,434)	95,180
Net Position at Beginning of Year (as restated)	298,118	68,525
Net Position at End of Year	<u>\$ 205,684</u>	<u>\$ 163,705</u>

Revenues and expenditures increased by \$1,863,652 and \$2,051,266, respectively as a result of increased student enrollment. The School had a decrease in its net position of \$92,434 for the year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

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

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

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$1,690,591. The fund balance unassigned and available for spending at the School's discretion was of \$1,491,215. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets as of June 30, 2021 amounts to \$1,027,015 (net of accumulated depreciation). This investment in capital assets includes building and improvements and furniture, equipment, computer equipment and software, and textbooks. The School has outstanding debt associated to its capital assets.

Continuous Capital Improvements

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

Lease of Facility

The School leases a facility located at 22025 SW 87 Ave, Cutler Bay, FL 33190.

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	\$ 450,500	\$ 693,000	\$ 693,011
Federal sources	64,469	47,000	46,202
Lunch program	178,500	200,000	199,192
General Revenues			
FTE nonspecific revenues	6,387,397	6,280,000	6,284,147
Charges and other revenues	628,965	621,076	624,499
Total Revenues	<u>7,709,831</u>	<u>7,841,076</u>	<u>7,847,051</u>
CURRENT EXPENDITURES			
Instruction	3,664,947	4,288,703	4,270,427
Student support services	76,105	38,823	37,209
Board	93,932	93,932	93,073
School administration	856,608	816,608	792,714
Fiscal services	127,500	129,225	129,225
Food services	178,500	178,500	153,642
Central services	147,500	157,500	157,385
Operation of plant	1,247,654	1,609,308	1,607,401
Maintenance of plant	247,500	295,500	291,813
Administrative technology services	19,472	19,472	19,132
Community Services	102,952	202,896	201,896
Total Current Expenditures	<u>\$ 6,762,670</u>	<u>\$ 7,830,467</u>	<u>\$ 7,753,917</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
(A charter school under Mater Academy, Inc.)

Statement of Net Position
June 30, 2021

	Primary Government Governmental Activities
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 238,308
Investments	2,170,000
Prepaid expenses	199,376
Due from other agencies	974,772
Other current assets	4,287
Total current assets	3,586,743
Capital assets, depreciable	1,682,488
Less: accumulated depreciation	(655,473)
	1,027,015
Right-to-use lease asset, net	17,202,827
Total Assets	21,816,585
<u>Deferred Outflows of Resources</u>	-
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	452,713
Salaries and wages payable	365,459
Total current liabilities	818,172
Lease liability	17,362,729
Due to other divisions of Mater Academy, Inc.	3,430,000
Total Liabilities	21,610,901
<u>Deferred Inflows of Resources</u>	-
<u>Net Position</u>	
Net investment in capital assets	122,659
Unrestricted	83,025
Total Net Position	\$ 205,684

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

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

Statement of Activities
For the year ended June 30, 2021

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	\$ 4,481,563	\$385,893	\$ 865,212	\$ -	\$ (3,230,458)
Student support services	37,209	-	30,205	-	(7,004)
Board	93,073	-	-	-	(93,073)
School administration	792,714	-	-	-	(792,714)
Facilities acquisition	7,641	-	-	-	(7,641)
Fiscal services	129,225	-	-	-	(129,225)
Food services	160,515	44,930	154,262	-	38,677
Central services	157,385	-	-	-	(157,385)
Operation of plant	2,091,223	-	749	693,011	(1,397,463)
Maintenance of plant	296,244	-	1,708	-	(294,536)
Administrative technology services	19,132	-	-	-	(19,132)
Community Services	201,896	187,446	-	-	(14,450)
Interest on long-term debt	583,157	-	-	-	(583,157)
Debt service	500,000	-	-	-	(500,000)
Total governmental activities	9,550,977	618,269	1,052,136	693,011	(7,187,561)
General revenues:					
FTE and other nonspecific revenues					6,284,147
Investment earnings and other revenues					810,980
Change in net position					(92,434)
Net position, beginning					298,118
Net position, ending					\$ 205,684

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

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

Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Non-Major Governmental Funds	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 12,000	\$ 226,308	\$ -	\$ 238,308
Investment	2,170,000	-	-	2,170,000
Due from other agencies	34,360	46,202	42,538	123,100
Due from fund	88,740	-	-	88,740
Prepaid expenses	199,376	-	-	199,376
Other current assets	4,287	-	-	4,287
Total Assets	<u>2,508,763</u>	<u>272,510</u>	<u>42,538</u>	<u>2,823,811</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>				
Salaries and wages payable	365,459	-	-	365,459
Accounts payable	452,713	-	-	452,713
Due to fund	-	46,202	42,538	88,740
Total Liabilities	<u>818,172</u>	<u>46,202</u>	<u>42,538</u>	<u>906,912</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance</u>				
Nonspendable, not in spendable form	199,376	-	-	199,376
Assigned	-	180,758	-	180,758
Restricted	-	45,550	-	45,550
Unassigned	1,491,215	-	-	1,491,215
	<u>1,690,591</u>	<u>226,308</u>	<u>-</u>	<u>1,916,899</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,508,763</u>	<u>\$ 272,510</u>	<u>\$ 42,538</u>	<u>\$ 2,823,811</u>

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

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds	\$ 1,916,899
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets and right to use lease asset of \$19,212,989 net of accumulated depreciation and amortization of \$983,147 used in governmental activities are not financial resources and therefore are not reported in the fund.	18,229,842
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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.	851,672
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Long term debt in governmental activities are not financial resources and therefore are not reported in the governmental funds.	<u>(20,792,729)</u>
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Total Net Position - Governmental Activities	<u>\$ 205,684</u>
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The accompanying notes are an integral
part of this financial statement.

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2021

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
State passed through local	\$ 6,284,147	\$ -	\$ -	\$ 6,284,147
State capital outlay funding	-	693,011	-	693,011
Federal sources	-	-	46,202	46,202
Lunch program	-	-	199,192	199,192
Charges for services and other revenues	437,053	-	187,446	624,499
Total Revenues	6,721,200	693,011	432,840	7,847,051
Expenditures:				
Current				
Instruction	3,713,471	-	556,956	4,270,427
Student support services	7,004	-	30,205	37,209
Board	93,073	-	-	93,073
School administration	792,714	-	-	792,714
Fiscal services	129,225	-	-	129,225
Food services	-	-	153,642	153,642
Central services	157,385	-	-	157,385
Operation of plant	1,607,401	-	-	1,607,401
Maintenance of plant	289,356	-	2,457	291,813
Administrative technology services	19,132	-	-	19,132
Community Services	-	-	201,896	201,896
Capital Outlay:				
Right-to-use lease asset	-	17,530,501	-	17,530,501
Other capital outlay	127,775	-	308,256	436,031
Debt Service:				
Principal payments	-	-	219,394	219,394
Interest	-	-	583,157	583,157
Total Expenditures	6,936,536	17,530,501	2,055,963	26,523,000
Deficit of revenues over expenditures	(215,336)	(16,837,490)	(1,623,123)	(18,675,949)
Other financing sources (uses)				
Transfers in (out)	(1,022,007)	(693,011)	1,715,018	-
Proceeds from sale of assets	5,886,888	-	-	5,886,888
Repayment of advances from Mater Academy, Inc.	(2,500,000)	-	-	(2,500,000)
Recoverable grant repayment	(500,000)	-	-	(500,000)
Increase in lease liability	-	17,530,501	-	17,530,501
Net change in fund balance	1,649,545	-	91,895	1,741,440
Fund Balance at beginning of year (as restated)	41,046		134,413	175,459
Fund Balance at end of year	\$ 1,690,591	\$ -	\$ 226,308	\$ 1,916,899

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

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities

For the year ended June 30, 2021

Net Change in Fund Balance - Governmental Funds \$ 1,741,440

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$17,966,532, net of disposals, differed from depreciation and amortization expense of \$713,903.

17,252,629

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.

851,672

The sale of capital assets represent a reduction of total assets in the government-wide statements. However proceeds from the sale are revenues in the governmental funds.

(5,127,068)

Increase in debt issuance provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Decrease in debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which increases of \$17,530,501 differed from decreases of \$2,719,394.

(14,811,107)

Change in Net Position of Governmental Activities \$ (92,434)

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Mater Academy Bay (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The School's charter is held by Mater Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Mater Academy, Inc., which is composed of five members and also governs other charter schools. The board of directors has determined that no component units 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, 2026 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 kindergarten through fifth grade. These financial statements are from inception through June 30, 2021, when on average 861 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.

Deferred Outflows/Inflows of Resources

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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 do not include fiduciary funds.

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

Fund Financial Statements

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

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

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

Measurement Focus and Basis of Accounting

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

Note 1 – Summary of Significant Accounting Policies (continued)

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available.

Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

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

Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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

Inter-fund Transfers

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

Due from Other Governments or Agencies

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

Prepaid Expenses

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

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Building and leasehold improvements	10-20 Years
Furniture, equipment and audio visual	5 Years
Textbooks and computer software	3 Years
Right of use asset (building)	35 Years

Note 1 – Summary of Significant Accounting Policies (continued)

Long-Term Debt

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 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 maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

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

Revenue Sources

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

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

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

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories 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 not in spendable form assets.

Note 1 – Summary of Significant Accounting Policies (continued)

- 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. Restricted fund balances at year end 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. Assigned fund balances at year end pertain to the School's internal account.
- 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.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

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

New Accounting Standard Adopted

During the year, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: Statement No. 84 *Fiduciary Activities*. See Note 11.

Note 1 – Summary of Significant Accounting Policies (continued)

The School elected to early adopt Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the School's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School's 2021 financial statements and had no effect on the beginning net position of the General Fund as the lease agreement's commencement date was October 2020. The School recognized \$17,530,501 in net book value for the intangible right to use and a lease liability of \$17,530,501 for the School's premises. See Note 6.

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. All bank accounts are opened under the account ownership of Mater Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2021, bank balances in potential excess of FDIC coverage was \$267,908.

Investments

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

At June 30, 2021, the School had \$2,830,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2021, maturities of the fund's portfolio holdings are approximately 79% within 30 days.

Note 2 – Cash, Cash Equivalents 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, 2021, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

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

Note 3 – Capital Assets

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

	Balance 07/01/20	Additions	Retirements/ Reclassifications	Balance 06/30/21
Capital Assets, non-depreciable:				
Building improvements under construction	\$ 472,923	\$ 391,242	\$ (864,165)	\$ -
Capital assets, depreciable:				
Leasehold improvements	5,399,116	-	(4,532,135)	866,981
Furniture, equipment and textbooks	805,129	44,789	(85,210)	764,708
Audiovisual materials	50,799	-	-	50,799
Total Capital Assets	6,727,967	436,031	(5,481,510)	1,682,488
Less Accumulated Depreciation:				
Leasehold improvements	(854,580)	(211,861)	958,387	(108,054)
Furniture, equipment and textbooks	(458,981)	(164,209)	96,056	(527,134)
Audiovisual materials	(10,125)	(10,160)	-	(20,285)
Total Accumulated Depreciation	(1,323,686)	(386,230)	1,054,443	(655,473)
Capital Assets, net	\$ 5,404,281	\$ 49,801	\$(4,427,067)	\$ 1,027,015

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

Note 3 – Capital Assets (Continued)

The following schedule provides a summary of changes in other assets:

	Balance 07/01/20	Additions	Retirements	Balance 06/30/21
Right to use lease asset	\$ -	\$17,530,501	\$ -	\$17,530,501
Accumulated amortization	-	-	(327,674)	(327,674)
Right to use lease asset, net	<u>\$ -</u>	<u>\$17,530,501</u>	<u>\$ (327,674)</u>	<u>\$17,202,827</u>

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

	Depreciation	Amortization
Instruction	\$ 211,136	\$ -
Operation of plant	156,149	327,674
Food services	6,873	-
Facilities acquisition	7,641	-
Maintenance of plant	4,431	-
Total Expense	<u>\$ 386,230</u>	<u>\$ 327,674</u>

Note 4 – Education Service and Support Provider

Academica Dade, LLC, an education service and support provider, offers and 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 per student basis.

The agreement is with Mater Academy, Inc. for a period of five years, through June 30, 2022, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2021, the School incurred \$387,675 in fees of which approximately \$47,000 is included in accounts payable at year end.

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

During the year ended June 30, 2021, the School's facility was shared with Mater Academy Bay Middle 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. 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.

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

The School received long-term, non-interest bearing advances to the corporate account of Mater Academy, Inc and other divisions of Mater Academy, Inc. The following schedule provides a summary of changes in long-term advances for the year:

	Balance 07/01/20	Proceeds	Repayments	Balance 06/30/21
Mater Academy, Inc. - Corporate account	\$ 5,500,000	\$ -	\$(2,500,000)	\$ 3,000,000
Mater Academy	430,000	-	-	430,000
Total Long Term Payables	<u>\$ 5,930,000</u>	<u>\$ -</u>	<u>\$(2,500,000)</u>	<u>\$ 3,430,000</u>

Program Fees

Mater Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. Mater Academy Bay paid Mater Academy, Inc. approximately \$129,225 in connection with these charges during the year.

Recoverable Grant

During the years ended June 30, 2017 through 2019 , the School received three recoverable grants amounting to \$1,750,000 from Mater Academy, Inc.. During the year, management determined that the school met requirements for repayment of \$500,000 and was included as an expense in the current year. The purpose of these grants 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. The maximum the School may be required to pay in the future should the School meet the requirements for repayment is \$1,250,000.

Note 6 – Commitments, Contingencies and Concentrations

Lease Agreement

In previous years, Mater Academy, Inc., on behalf of the School, entered into a lease agreement for the School's building and all ancillary facilities with Mater Academy Foundation, Inc. as landlord. Mater Academy Foundation, Inc. ("Foundation") is a not-for-profit supporting organization of Mater Academy, Inc. under Section 509(a)(3) of the Internal Revenue Code. The agreement continued through 2036. However, on October 20, 2020, the School's facility was acquired by the Foundation. As a result, the previous lease agreement was terminated and Mater Academy, Inc. entered into a new lease and security agreement with the Foundation. 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 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).

Note 6 – Commitments, Contingencies and Concentrations (continued)

Upon inception of the original lease, the School paid the Foundation \$700,000 in long-term prepaid rent and \$800,000 in consideration for the construction of certain tenant improvements. As described above, the original lease was terminated during the year, and the prepaid rent was expensed, as mutually agreed to by the landlord and tenant.

In addition, during the year the Foundation purchased a portion of the School's building and improvements for \$5,127,568 resulting in a gain on sale for the School of \$759,820 which is included in other revenues on the statement of activities.

For the fiscal year ended June 30, 2021, rent expense totaled \$342,543 and interest expense totaled \$581,919. The School has early implemented GASB Statement No. 87 *Leases*, and as a result recorded a lease right of use asset and liability in the 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 rate for several borrowings during fiscal year 2021. The average borrowing rate was 5% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of June 30, 2021.

Lease payments are allocated among the School and Mater Academy Bay Middle and Mater Academy Bay High School based on enrollment and usage of the facility. The allocation used for 2021, was approximately 61% for Mater Academy Bay, 31% for Mater Academy Bay Middle and 8% for Mater Academy Bay High.

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>	
2022	307,843	1,417,157	1,725,000	
2023	323,593	1,401,407	1,725,000	
2024	340,149	1,384,851.00	1,725,000	
2025	357,551	1,367,449.00	1,725,000	
2026	375,844	1,349,156.00	1,725,000	
2027-2031	2,188,101	6,436,899.00	8,625,000	(Total for five-year period)
2032-2036	2,808,118	5,816,882.00	8,625,000	(Total for five-year period)
2037-2041	3,603,823	5,021,177.00	8,625,000	(Total for five-year period)
2042-2046	4,624,997	4,000,003.00	8,625,000	(Total for five-year period)
2047-2051	5,935,530	2,689,470.00	8,625,000	(Total for five-year period)
2052-2056	7,617,414	1,007,586.00	8,625,000	(Total for five-year period)

Note 6 – Commitments, Contingencies and Concentrations (continued)

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

	Balance 07/01/20	Increases	Decreases	Balance 06/30/21
Lease liability	\$ -	\$17,530,501	\$(167,772)	\$17,362,729
Total lease liability	\$ -	\$17,530,501	\$(167,772)	\$17,362,729

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 up to 5% of the qualifying revenues of the School. For the year ended June 30, 2021, administrative fees withheld by the School District totaled \$93,749.

Note 7 – Long Term Debt

On June 6, 2017 the School obtained equipment financing from a financial institution for a total loan balance of \$197,175. 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 3.78%. The outstanding balance on the loan was paid off during the year.

Note 8 - Interfund Transfers and Balances

Interfund transfers in governmental funds as of June 30, 2021 consist of the following:

	General Fund	Non Major Governmental Funds	Capital Projects Fund
To fund internal account deficit	\$ (14,450)	\$ 14,450	\$ -
To fund debt service fund for principal and interest payments	(109,540)	802,551	(693,011)
To transfer internal fund cash balance	(46,345)	46,345	-
To fund ESSER federal expenditures for which revenues were not available	(477,171)	477,171	-
To fund GEER federal expenditures for which revenues were not available	(374,501)	374,501	-
Total Transfers, net	<u>\$ (1,022,007)</u>	<u>\$ 1,715,018</u>	<u>\$ (693,011)</u>

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

	General Fund	Non Major Governmental Funds	Capital Projects Fund
Due to General Fund from Capital Projects Fund for capital outlay	\$ (42,538)	\$ 42,538	\$ -
Due to General Fund from Special Revenue Fund for Federal funds	(46,202)	-	46,202
Total Due from/(Due to)	<u>\$ (88,740)</u>	<u>\$ 42,538</u>	<u>\$ 46,202</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 for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School has entered into a strategic relationship with ADP TotalSource, 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 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 contribution up to 4% of the employee's compensation. The School contributed to the Plan \$59,936 for the year ended June 30, 2021. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by VOYA.

Note 11 – Implementation of GASB 84

As of July 1, 2020, the School implemented GASB Statement No. 84. Fiduciary Activities. This Statement establishes new criteria for identifying fiduciary activities which, when met, require that activities be reported in a fiduciary fund in the basic financial statements. Items previously reported as part of the agency fund classification of the Fiduciary Fund statements were reviewed to evaluate if they met the new custodial funds criteria. The School identified the School's internal account as non-fiduciary and re-categorized them as assigned in the Special Revenue Fund.

The government-wide net position and fund balances were restated as a result of the implementation of GASB Statement No. 84 as follows:

	Fiscal Year June 30, 2020 Original	GASB Statement No.84	Fiscal Year June 30, 2021 (Restated)
Net change in fund balances	\$ 43,039		\$ 43,039
Fund balances (deficit) at beginning	(1,993)		(1,993)
Restatement of beginning fund balances	-	134,413	134,413
Fund balances (deficit) at the end of year	<u>\$ 41,046</u>		<u>\$ 175,459</u>
Change in net position	\$ 95,180		\$ 95,180
Net position (deficit), beginning	68,525		68,525
Restatement of beginning net position		134,413	134,413
Net position (deficit), ending	<u>\$ 163,705</u>		<u>\$ 298,118</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund
For the year ended June 30, 2021

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 6,387,397	\$ 6,280,000	\$ 6,284,147
Charges for services and other revenues	526,013	436,076	437,053
Total Revenues	6,913,410	6,716,076	6,721,200
EXPENDITURES			
Current:			
Instruction	3,600,478	3,658,703	3,713,471
Student support services	76,105	7,823	7,004
Board	93,932	93,932	93,073
School administration	856,608	816,608	792,714
Fiscal services	127,500	129,225	129,225
Central services	147,500	157,500	157,385
Operation of plant	797,154	1,609,308	1,607,401
Maintenance of plant	247,500	292,500	289,356
Administrative technology services	19,472	19,472	19,132
Total Current Expenditures	5,966,249	6,785,071	6,808,761
Excess (deficit) of Revenues			
Over Current Expenditures	947,161	(68,995)	(87,561)
Capital Outlay	102,953	130,000	127,775
Total Expenditures	6,069,202	6,915,071	6,936,536
Excess (deficit) of Revenues Over Expenditures	844,208	(198,995)	(215,336)
Other financing sources (uses):			
Transfers in (out)	(225,921)	(1,089,216)	(1,022,007)
Proceeds from sale of assets	-	5,886,868	5,886,888
Recoverable grant repayment	-	(500,000)	(500,000)
Long term advances from other divisions of Mater, Inc.	-	(2,500,000)	(2,500,000)
Net change in fund balance	618,287	1,598,657	1,649,545
Fund Balance at beginning of year	41,046	41,046	41,046
Fund Balance at end of year	\$ 659,333	\$ 1,639,703	\$ 1,690,591

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
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2021

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 450,500	\$ 693,000	\$ 693,011
Total Revenues	450,500	693,000	693,011
EXPENDITURES			
Current:			
Operation of Plant	450,500	-	-
Total Current Expenditures	450,500	-	-
Excess of Revenues Over Current Expenditures	-	693,000	693,011
Debt Service:			
Redemption of Principal	-	-	-
Interest	-	-	-
Right to use lease asset	-	17,530,501	17,530,501
Total Expenditures	450,500	17,530,501	17,530,501
Excess (Deficit) of Revenues Over Expenditures	-	(16,837,501)	(16,837,490)
Other financing sources (uses)			
Increase in lease liability	-	17,530,501	17,530,501
Transfers in (out)	-	(693,000)	(693,011)
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

Notes to Budgetary Comparison Schedule

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



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

Board of Directors of
Mater Academy Bay
Cutler Bay, Florida

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 14, 2021 pursuant to Chapter 10.850, Rules of the Auditor General.

Purpose of This Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2021



MANAGEMENT LETTER

Board of Directors of
Mater Academy Bay
Cutler Bay, Florida

Report on the Financial Statements

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

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 14, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations 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, 4010.

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 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 Bay 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. It is management's responsibility to monitor Mater Academy Bay 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 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 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, 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 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 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.

A handwritten signature in blue ink that reads "HLB Gravier, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2021