



**Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School**
(A Charter School under Lincoln-Marti
Charter Schools, Inc.)

Financial Statements
Years Ended June 30, 2022 and 2021

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.



Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Financial Statements
Years Ended June 30, 2022 and 2021

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Contents

Independent Auditor’s Report	3 - 5
Management’s Discussion and Analysis	6 - 12
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statements of Net Position as of June 30, 2022 and 2021	14
Statements of Activities for the Years Ended June 30, 2022 and 2021	15 - 16
 Fund Financial Statements:	
Balance Sheets - Governmental Fund as of June 30, 2022 and 2021	17
Statements of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund for the Years Ended June 30, 2022 and 2021	18
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statements of Activities for the Years Ended June 30, 2022 and 2021	19
Notes to Basic Financial Statements	20 - 32
 Required Supplementary Information:	
Budgetary Comparison Schedules	34 - 35
Note to Budgetary Comparison Schedules	36
 Supplementary Auditor’s Reports:	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38 - 39
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	40 - 41



Independent Auditor’s Report

Board of Directors
Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Miami, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major fund of Lincoln-Marti Charter Schools, Inc. (Hialeah Campus Charter School) (the “School”) (A Charter School under Lincoln-Marti Charter Schools, Inc.), as of and for the years ended June 30, 2022 and 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the School as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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 audits. 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.



Auditor's 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 GAAS 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 GAAS 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 Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and the change in financial position of only that portion of the governmental activities and fund information of Lincoln-Marti Charter Schools, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of Lincoln-Marti Charter Schools, Inc., as of June 30, 2022 and 2021, the changes in its financial position, or, where applicable, its cash flows 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.



As discussed in Note 10 to the financial statements, in 2022, the School adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Matters

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 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 August 31, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the School's 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.

BDO USA, LLP

Miami, FL
August 31, 2022

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Management’s Discussion and Analysis

As management of Lincoln-Marti Charter Schools, Inc. (Hialeah Campus Charter School) (the “School”), we offer readers this narrative overview and analysis of the financial activities of the School as of and for the years ended June 30, 2022, 2021 and 2020.

Management’s discussion and analysis provides, in layman’s terms, the past and current position of the School’s financial condition. This summary should not be taken as a replacement for the audited financial statements, which consists of the financial statements and supplementary information intended to furnish additional detail to support the financial statements themselves.

Financial Highlights

During the year ended June 30, 2022, the School adopted the provisions of GASB Statement No. 87, Leases, which requires the School to recognize a lease liability and an intangible right-to-use lease asset. As a result of the implementation of this statement, the School has recorded an opening balance adjustment as of July 1, 2020 to reflect an opening lease liability and intangible right-to-use lease asset and a change in opening net position and fund balance as follows:

Opening Net Position, as Originally Presented	Change in accounting Principle Adjustment	Opening Net Position, as Restated
\$ 1,130,641	\$ 337,755	\$ 1,468,396

Opening Fund Balance, as Originally Presented	Change in accounting Principle Adjustment	Opening Fund Balance, as Restated
\$ 799,006	\$ 337,754	\$ 1,136,760

Our financial statements provide these insights into the results of current and prior years’ operations.

The School’s current year of operations generated a change in net position of \$180,184 compared to a change in net position of \$69,618 and \$263,172 in fiscal years 2021 and 2020, respectively. Revenues for the year ended June 30, 2022 increased from the prior year by approximately \$402,000 as a result of an increase in local grants and other and contributions of approximately \$137,000 and \$687,000, respectively, offset by a decrease in state FTE revenues of approximately \$423,000. Revenues for the year ended June 30, 2021 decreased from the prior year by approximately \$426,000 as a result of a decrease in local grants and other and contributions of approximately \$69,000 and \$383,000, respectively, offset by an increase in state FTE revenues of approximately \$26,000.

During the year ended June 30, 2022, expenses increased from the prior year by approximately \$291,000. The increase was mainly a result of an increase in instruction, maintenance of plant, food services and operation of plant, offset by a decrease in school administration and fiscal services. Expenses during the year ended June 30, 2021 decreased from prior year by approximately \$233,000. The decrease was mainly a result of a decrease in food services, operation of plant and school administration.

The net position of the School at June 30, 2022, 2021 and 2020 was \$1,718,198, \$1,538,014 and \$1,130,641, of which \$1,318,193, \$1,241,201 and \$799,006 is unrestricted, respectively.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Management's Discussion and Analysis

Using this Annual Report

This discussion and analysis are intended to serve as an introduction to the School's financial statements. The School's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the 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 statements of net position present information on all the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statements of activities present information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instructional and support services.

The government-wide financial statements can be found on pages 14 through 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's only fund is the General Fund, a governmental fund type.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflow and outflow of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Management's Discussion and Analysis

doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains only one governmental fund type, which is the General Fund. Information is presented in the governmental fund balance sheets and the governmental fund statements of revenues, expenditures, and changes in fund balance for the General Fund.

The School adopts an annual budget for its governmental fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget and is presented as required supplementary information.

The governmental fund financial statements can be found on pages 17 through 19 of this report.

Notes to the Basic Financial Statements

The notes 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 basic financial statements can be found on pages 20 through 32 of this report.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information for the School's general fund. Required supplementary information can be found on pages 34 through 36 of this report.

Our auditor has provided reasonable assurance in their independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts listed in the table of contents.

Government-Wide Financial Analysis

Our analysis of the financial statements of the School begins below. The Statements of Net Position and the Statements of Activities report information about the School's activities that will help answer questions about the position of the School.

Net Position

A summary of the School's Net Position is presented in Table A-1 and a summary of changes in net position is presented in Table A-2.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Management's Discussion and Analysis

Table A-1 - Summary of Net Position

<i>June 30,</i>	2022	2021	2020
Assets			
Current assets	\$ 1,821,749	\$ 1,739,060	\$ 1,208,490
Capital assets, net	3,930,147	4,624,651	331,635
Total Assets	\$ 5,751,896	\$ 6,363,711	\$ 1,540,125
Liabilities and Net Position			
Liabilities			
Current liabilities	\$ 503,556	\$ 497,859	\$ 409,484
Noncurrent liabilities	3,530,142	4,327,838	-
Total Liabilities	4,033,698	4,825,697	409,484
Net Position			
Net investment in capital assets	400,005	296,813	331,635
Unrestricted	1,318,193	1,241,201	799,006
Total Net Position	\$ 1,718,198	\$ 1,538,014	\$ 1,130,641

The remainder of this page intentionally left blank.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Management's Discussion and Analysis

Table A-2 - Summary of Changes in Net Position

<i>June 30,</i>	2022	2021	2020
Revenues			
State FTE revenues	\$ 1,730,550	\$ 2,153,453	\$ 2,127,077
Local grants and other	542,755	405,601	475,067
Contributions of financial assets	400,000	-	-
Contributions of nonfinancial assets	964,683	677,304	1,060,637
Total Revenues	3,637,988	3,236,358	3,662,781
Expenses			
Instruction	1,176,438	1,085,868	948,241
Student support services	572	-	1,919
Instruction and curriculum development services	54,501	30,344	42,633
Instructional staff training services	15,185	26,485	23,413
School board	22,000	22,000	21,500
School administration	422,115	490,613	665,508
Fiscal services	215,275	247,628	248,838
Food services	205,311	96,564	213,599
Central services	49,368	-	7,064
Student transportation services	27,625	27,625	27,625
Operation of plant	205,058	180,986	1,029,353
Maintenance of plant	1,010,239	941,828	169,916
Debt service	54,117	16,799	-
Total Expenses	3,457,804	3,166,740	3,399,609
Change in Net Position	180,184	69,618	263,172
Net Position, beginning, as restated	1,538,014	1,468,396	867,469
Net Position, ending	\$ 1,718,198	\$ 1,538,014	\$ 1,130,641

As noted in Table A-2, the cost of all governmental activities during the years ended June 30, 2022, 2021 and 2020 was \$3,457,804, \$3,166,740 and \$3,399,609, respectively. The majority of these activities were financed through general revenues of \$3,125,865, \$2,809,183 and \$3,095,190, respectively, which consist primarily of FTE funding from the state.

See "Financial Highlights" on page 6 of this report, for a further explanation of the reason for the increase in net position.

Financial Analysis of the School's Fund

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

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Management's Discussion and Analysis

Governmental Fund - The focus of the School's governmental fund 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, 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.

At the end of the School's fiscal year of operations for 2022, 2021 and 2020, the fund balance of the General Fund was \$1,318,193, \$1,241,201 and \$799,006, respectively. The General Fund is the chief operating fund and only fund of the School.

A summary of the General Fund's condensed balance sheets and statements of revenues, expenditures and changes in fund balance is presented in Table B-1 and B-2 as of and for the years ended June 30, 2022, 2021 and 2020.

Table B-1 - Summary of Condensed Balance Sheets

<i>June 30,</i>	2022	2021	2020
Total Assets	\$ 1,821,749	\$ 1,739,060	\$ 1,208,490
Total Liabilities	\$ 503,556	\$ 497,859	\$ 409,484
Total Fund Balance	1,318,193	1,241,201	799,006
Total Liabilities and Fund Balance	\$ 1,821,749	\$ 1,739,060	\$ 1,208,490

Table B-2 - Summary of Condensed Statements of Revenues, Expenditures and Changes in Fund Balance

<i>June 30,</i>	2022	2021	2020
Total Revenue	\$ 3,637,988	\$ 3,236,358	\$ 3,662,781
Total Expenditures	3,560,996	3,131,917	3,360,399
Change in Fund Balance	\$ 76,992	\$ 104,441	\$ 302,382

The remainder of this page intentionally left blank.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Management's Discussion and Analysis

Major Governmental Funds Budgeting and Operating Highlights

An operating budget was adopted and maintained by the governing board for the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. There were no amendments to the budget during the year ended June 30, 2022 and 2021.

The General Fund's actual revenues were \$3,637,988 for the year ended June 30, 2022. Total revenues were above the budget estimates primarily due to higher than expected state FTE revenues and contributions of financial and non-financial assets for fiscal year 2022. The actual expenditures of the General Fund were \$3,560,996 for the year ended June 30, 2022. For the year ended June 30, 2022, this is over the budget estimates primarily due to higher than expected instruction, school administration, debt service and maintenance of plant.

The General Fund's actual revenues were \$3,236,358 for the year ended June 30, 2021. For the year ended June 30, 2021 this was above the budget estimates primarily due to state FTE revenues and contributions of non-financial assets. The actual expenditures of the General Fund were \$3,131,917 for the year ended June 30, 2021. This is above the budget estimates primarily due to higher than expected instruction, school administration, fiscal services and debt service for fiscal year 2021.

See pages 34 through 36 for the budgetary comparison schedule.

Capital Assets

At June 30, 2022, 2021 and 2020, the School had \$7,125,404, \$6,927,144 , and \$1,734,651 invested in right-to-use lease asset, improvements other than buildings, classroom furniture, fixtures, equipment and other of which \$3,195,257, \$2,302,493 and \$1,403,016 has been depreciated/ amortized, which resulted in a net book value of \$3,930,147, \$4,624,651 and \$331,635, respectively. Total additions for the years ended June 30, 2022, 2021 and 2020 were \$198,260 \$62,402 and \$100,843, respectively.

Economic Factors and Next Year's Budget

The State of Florida education funding for the Florida Education Finance Program for the fiscal year 2022-2023 minimally increased. These factors were considered in preparing the School's budget for fiscal year 2022-2023.

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Directors of Lincoln-Marti Charter Schools, Inc., 2700 SW 8th Street, Miami, FL 33135.

Financial Statements

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Statements of Net Position

<i>June 30,</i>	2022	2021
Assets		
Cash	\$ 1,812,196	\$ 1,724,484
Due from other agencies	9,553	14,576
Capital assets:		
Improvements other than buildings	495,712	495,712
Right-to-use lease asset	5,130,091	5,130,091
Classroom furniture, fixtures, equipment and other	1,499,601	1,301,341
Less accumulated depreciation/ amortization	(3,195,257)	(2,302,493)
Total Assets	\$ 5,751,896	\$ 6,363,711
Liabilities and Net Position		
Liabilities		
Accounts payable and accrued expenses	\$ 19,500	\$ 19,500
Due to related parties	419,051	419,051
Wages payable	65,005	59,308
Noncurrent liabilities:		
Due within one year		
Lease liability	793,166	797,696
Due in more than one year		
Lease liability	2,736,976	3,530,142
Total Liabilities	4,033,698	4,825,697
Net Position		
Net investment in capital assets	400,005	296,813
Unrestricted	1,318,193	1,241,201
Total Net Position, as Restated	1,718,198	1,538,014
Total Liabilities and Net Position	\$ 5,751,896	\$ 6,363,711

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

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Statement of Activities

Year ended June 30, 2022	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants	Revenues and Changes in Net Position
Functions/Programs					Governmental Activities Total
Governmental Activities:					
Instruction	\$ (1,176,438)	\$ -	\$ 152,209	\$ -	\$ (1,024,229)
Student support services	(572)	-	-	-	(572)
Instruction and curriculum development services	(54,501)	-	-	-	(54,501)
Instructional staff training services	(15,185)	-	-	-	(15,185)
School board	(22,000)	-	-	-	(22,000)
School administration	(422,115)	-	-	-	(422,115)
Fiscal services	(215,275)	-	-	-	(215,275)
Food services	(205,311)	-	205,311	-	-
Central services	(49,368)	-	-	-	(49,368)
Student transportation services	(27,625)	-	-	-	(27,625)
Operation of plant	(205,058)	-	-	154,603	(50,455)
Maintenance of plant	(1,010,239)	-	-	-	(1,010,239)
Debt service	(54,117)	-	-	-	(54,117)
Total Governmental Activities	\$ (3,457,804)	\$ -	\$ 357,520	\$ 154,603	\$ (2,945,681)
General Revenues:					
State FTE revenues					\$ 1,730,550
Local grants and other					235,943
Contributions of financial assets					400,000
Contributions of nonfinancial assets					759,372
Total General Revenues					\$ 3,125,865
Change in Net Position					\$ 180,184
Net Position, beginning					1,538,014
Net Position, ending					\$ 1,718,198

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

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Statement of Activities

<i>Year ended June 30, 2021</i>	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities Total
Governmental Activities:					
Instruction	\$ (1,085,868)	\$ -	\$ 144,835	\$ -	\$ (941,033)
Instruction and curriculum development services	(30,344)	-	-	-	(30,344)
Instructional staff training services	(26,485)	-	-	-	(26,485)
School board	(22,000)	-	-	-	(22,000)
School administration	(490,613)	-	-	-	(490,613)
Fiscal services	(247,628)	-	-	-	(247,628)
Food services	(96,564)	-	96,564	-	-
Student transportation services	(27,625)	-	-	-	(27,625)
Operation of plant	(180,986)	-	-	185,776	4,790
Maintenance of plant	(941,828)	-	-	-	(941,828)
Debt Service	(16,799)	-	-	-	(16,799)
Total Governmental Activities	\$ (3,166,740)	\$ -	\$ 241,399	\$ 185,776	\$ (2,739,565)
General Revenues:					
State FTE revenues					\$ 2,153,453
Local grants and other					74,990
Contributions of nonfinancial assets					580,740
Total General Revenues					\$ 2,809,183
Change in Net Position					\$ 69,618
Net Position, beginning, as restated					1,468,396
Net Position, ending					\$ 1,538,014

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

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Balance Sheets - Governmental Fund

<i>June 30,</i>	2022	2021
Assets		
Cash	\$ 1,812,196	\$ 1,724,484
Due from other agencies	9,553	14,576
Total Assets	\$ 1,821,749	\$ 1,739,060
Liabilities and Fund Balance		
Liabilities		
Accounts payable and accrued expenses	\$ 19,500	\$ 19,500
Due to related parties	419,051	419,051
Wages payable	65,005	59,308
Total Liabilities	\$ 503,556	\$ 497,859
Fund Balance		
Unassigned	\$ 1,318,193	\$ 1,241,201
Total Fund Balance	\$ 1,318,193	\$ 1,241,201
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the fund	\$ 3,930,147	\$ 4,624,651
Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. Those liabilities consist of:		
Lease liability	(3,530,142)	(4,327,838)
Net Position of Governmental Activities	\$ 1,718,198	\$ 1,538,014

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

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Statements of Revenues, Expenditures and Changes in Fund Balance -
Governmental Fund

<i>Years ended June 30,</i>	2022	2021
Revenues		
State FTE revenues	\$ 1,730,550	\$ 2,153,453
Local grants and other	542,755	405,601
Contributions of financial assets	400,000	-
Contributions of nonfinancial assets	964,683	677,304
Total Revenues	3,637,988	3,236,358
Expenditures		
Instruction	1,176,438	1,085,868
Student support services	572	-
Instruction and curriculum development services	54,501	30,344
Instructional staff training services	15,185	26,485
School board	22,000	22,000
School administration	422,115	490,613
Fiscal services	215,275	247,628
Food services	205,311	96,564
Central services	49,368	-
Student transportation services	27,625	27,625
Operation of plant	403,318	243,388
Maintenance of plant	117,475	42,351
Debt service:		
Principal - lease liability	797,696	802,252
Interest - lease liability	54,117	16,799
Total Expenditures	3,560,996	3,131,917
Change in Fund Balance	76,992	104,441
Fund Balance, beginning of year, as restated	1,241,201	1,136,760
Fund Balance, end of year	\$ 1,318,193	\$ 1,241,201

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

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

**Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund
Balance of the Governmental Fund to the Statements of Activities**

<i>Years ended June 30,</i>	2022	2021
Amounts reported for governmental activities in the statements of activities are different because:		
Net change in fund balances - total governmental fund	\$ 76,992	\$ 104,441
Capital outlay	198,260	62,402
Principal paid on lease	797,696	802,252
Less current year depreciation/ amortization	(892,764)	(899,477)
Change in Net Position of Governmental Activities	\$ 180,184	\$ 69,618

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

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

1. Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

On January 14, 2009, the Miami-Dade County School Board approved the application submitted by the Board of Directors of Lincoln-Marti Charter Schools, Inc. for the creation of Lincoln-Marti Charter School (Hialeah Campus Charter School) (the "School"). Lincoln-Marti Charter Schools, Inc. (the "Organization") is a non-profit organization incorporated under the laws of Florida to operate charter schools organized pursuant to Section 1002.33 of the Florida Statutes. The governing body of the School is the Organization's Board of Directors.

The School operates under a charter of the sponsoring school district, the Miami-Dade County School Board (the "School Board"). The School's charter was approved by the School Board on January 14, 2009 and is effective until June 30, 2024. The charter may be renewed for up to an additional five (5) years by mutual written agreement between the Organization and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter in which case the School Board is required to notify the Organization in writing at least 90 days prior to the charter's termination. Pursuant to Section 1002.33(8)(e), of the Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all school property purchased with public funds automatically revert to the School Board. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

Enrollment and Grade Configuration

<u>School Name and Address</u>	<u>Grades</u>	<u>Enrollment</u>
Lincoln-Marti Charter Schools (Hialeah Campus Charter School) 3550 W. 84 th Street Hialeah, FL 33018	K-11	240

Board of Directors

The Board of Directors of the Lincoln-Marti Charter School's, Inc. consists of the following members:

Maria Denia Vasallo	President/Chairperson
Clay Reiner	Vice President/Secretary
Yoryana Manrresa	Treasurer

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

Financial Statement Presentation

For financial reporting purposes, Hialeah Campus Charter School is a Charter School operated by Lincoln-Marti Charter Schools, Inc.

The financial statements present the government-wide statements, balance sheets and statements of revenues, expenditures and changes in fund balance for the Hialeah Campus Charter School of Lincoln-Marti Charter Schools, Inc. only and do not represent a complete presentation of the assets, liabilities, net position, statements of activities, and cash flows of the Organization. Accordingly, the accompanying financial statements are not intended to present the financial position of the Organization as of June 30, 2022 and 2021 or its changes in net position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Government-Wide and Fund Financial Statements

The School's government-wide financial statements (i.e., the statements of net position and the statements of activities) report information on all of the activities of the School. Governmental activities are supported by Full-Time Equivalent ("FTE") dollars and intergovernmental revenues.

The statements of activities demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) Florida Department of Education ("FDOE") funding through the Florida Education Finance Program, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital requirements of a particular function. FTE dollars and other items not properly included among program revenues are reported instead as general revenues.

The General Fund is the School's only operating fund and its only governmental fund. It accounts for all financial resources of the School.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The School's government-wide financial statements are reported using the economic resources measurement focus and the 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The School's fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

FTE dollars, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as 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.

Assets, Liabilities and Net Position

Cash and Cash Equivalents

The School considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. The School has no cash equivalents at June 30, 2022 and 2021.

Due from Other Agencies

The due from other agencies in the accompanying statements of net position and balance sheets-governmental fund represents capital outlay funds receivable from the School Board. These receivables are considered to be fully collectible, and as such, no allowance for uncollectable accounts is recorded. For the years ended June 30, 2022 and 2021, the due from other agencies amounts are \$9,553 and \$14,576, respectively.

Capital Assets

Capital assets, which include right-to-use lease asset, improvements other than buildings and classroom furniture, fixtures, equipment and other, are reported in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual or collective cost of more than \$750 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the School are depreciated/ amortized using the straight-line method over the following estimated useful lives:

Improvements Other Than Buildings	10 years
Classroom Furniture, Fixtures, Equipment and Other	3 - 7 years
Right-to-use lease asset	78 months

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) 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 statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) 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.

Leases

The School is party to one lease of a nonfinancial asset as a lessee. The School recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for the lease. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of variable payments. There is no purchase option in the lease.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statements of net position.

Fund Balance/Net Position

GASB defines fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventories and prepayments) or (b) are legally or contractually required to be maintained intact.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors. These amounts cannot be used for any other purpose unless the School's Board of Directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School's Board of Directors.

Unassigned - This classification consists of the fund balance for the General Fund. Unassigned amounts are the portion of fund balance which is not obligated or specifically designated and is available for any purpose.

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted. Investment in Capital Assets - is intended to reflect the portion of net assets which is associated with non-liquid capital assets.

Restricted Net Position - represent liquid assets (generated from revenues and not bond proceeds) which have third party (statutory, bond covenant or granting agency) limitations on their use. The School would typically use restricted net position first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or for replacement equipment acquisition.

Unrestricted Net Position - represent unrestricted assets.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for a purpose in which both restricted and unrestricted funds are available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School has provided otherwise in its commitment or assigned actions.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may differ from actual results.

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter, the School reports the number of full-time equivalent students and related data to the School Board. Under the provisions of Section 1011.62, of the Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

In-kind Revenue and Expense

The School records the value of donated goods when there is an objective basis available to measure the value. Donated items are reflected as contributions in the accompanying financial statements at their fair market values at date of receipt and consist of food contributed for the School's students. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Donated use of facilities is recognized as in-kind revenue and expense based on the portion of the lease cost that is donated to the School in a given year. During the years ended June 30, 2022 and 2021, the School recognized in-kind revenue and expense of \$964,683 and \$667,304, respectively (NOTE 5).

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded as of June 30, 2022 and 2021.

The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize the financial statement effects for unrecognized tax positions for the years ended June 30, 2022 and 2021. The Organization has filed for, and received, income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990, as required, and all other applicable returns in jurisdictions when it is required.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standard was implemented by the School for 2022 reporting:

GASB Statement No. 87 - Leases - Effective for year-end June 30, 2022. This Statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The School implemented this pronouncement effective for the year ended June 30, 2022. Upon implementation, the School adopted various changes to conform to the provisions of this Statement, which were applied retroactively by restating prior period financial statements.

The GASB has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB Statement No. 95). None of the recently issued standards are expected to significantly affect the School.

Subsequent Events

The School has evaluated subsequent events through August 31, 2022 which is the date the financial statements were available to be issued and there were no subsequent events requiring adjustments to the financial statements or disclosures stated herein.

2. Cash

The School's cash includes cash held in a demand deposit account. At June 30, 2022 and 2021 the carrying amounts of the School's deposits were \$1,812,196 and \$1,724,484, respectively, while the bank balances of such deposits were \$1,601,682 and \$1,828,618, respectively. The School's deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). At times, bank balances are in excess of the FDIC coverage. As of June 30, 2022 and 2021, the School's bank deposits exceeded FDIC insured amounts by \$1,351,682 and \$1,578,618, respectively. All cash in the bank is held in banking institutions approved by the State of Florida, State Treasurer.

The remainder of this page intentionally left blank.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

3. Capital Assets

The following schedule provides a summary of changes in capital assets for the year ended June 30, 2022:

<i>Year ended June 30, 2022</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated/ Amortized:				
Improvements other than buildings	\$ 495,712	\$ -	\$ -	\$ 495,712
Right-to-use lease asset	5,130,091	-	-	5,130,091
Classroom furniture, fixtures, equipment and other	1,301,341	198,260	-	1,499,601
Total Capital Assets Being Depreciated/ Amortized	6,927,144	198,260	-	7,125,404
Less Accumulated Depreciation/ Amortization for:				
Improvements other than buildings	(445,628)	(12,350)	-	(457,978)
Right-to-use lease asset	(789,245)	(789,245)	-	(1,578,490)
Classroom furniture, fixtures, equipment and other	(1,067,620)	(91,169)	-	(1,158,789)
Total Accumulated Depreciation/ Amortization	(2,302,493)	(892,764)	-	(3,195,257)
Total Capital Assets Being Depreciated/ Amortized, Net	\$ 4,624,651	\$ (694,504)	\$ -	\$ 3,930,147

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

<i>Year ended June 30, 2021</i>	Beginning Balance, as Restated	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated/ Amortized:				
Improvements other than buildings	\$ 495,712	\$ -	\$ -	\$ 495,712
Right-to-use lease asset	5,130,091	-	-	5,130,091
Classroom furniture, fixtures, equipment and other	1,238,939	62,402	-	1,301,341
Total Capital Assets Being Depreciated/ Amortized	6,864,742	62,402	-	6,927,144
Less Accumulated Depreciation/ Amortization for:				
Improvements other than buildings	(412,672)	(32,956)	-	(445,628)
Right-to-use lease asset	-	(789,245)	-	(789,245)
Classroom furniture, fixtures, equipment and other	(990,344)	(77,276)	-	(1,067,620)
Total Accumulated Depreciation/ Amortization	(1,403,016)	(899,477)	-	(2,302,493)
Total Capital Assets Being Depreciated/ Amortized, Net	\$ 5,461,726	\$ (837,075)	\$ -	\$ 4,624,651

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

Expenditures for capital assets during the fiscal years ended June 30, 2022 and 2021 were \$198,260 and \$62,402, respectively. As a result of the implementation of GASB Statement No. 87 (NOTE 1), the School recognized a right-to-use lease asset in the amount of \$5,130,091.

For the years ended June 30, 2022 and 2021, depreciation and amortization expense was charged to functions/programs of the School as follows:

<i>Years Ended June 30,</i>	2022	2021
Governmental activities:		
Maintenance of plant	\$ 892,764	\$ 899,477

4. Paycheck Protection Program Loan

During the year ended June 30, 2020, the Organization applied for, and received, funds under the United States Business Administration (“SBA”) Paycheck Protection Program (“PPP”) in the amount of \$1,196,400. In accordance with the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act”, only one PPP loan can be obtained per legal entity. As such, the loan obtained is collectively for all six campuses of Lincoln-Marti Charter Schools, Inc. Management of Lincoln-Marti Charter Schools, Inc. recorded the loan proceeds in Lincoln-Marti Charter Schools, Inc. - Little Havana Campus as the full amount of loan proceeds was deposited into Little Havana Campus’ bank account.

The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business.

The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. Funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent and utility costs and if the School retains employees during a specified period of time.

During the year ended June 30, 2022, Lincoln-Marti Charter Schools, Inc. received formal forgiveness from the SBA for the full amount of the loan. The forgiveness is reflected as revenue in the financial statements of Lincoln-Marti Charter Schools, Inc. - Little Havana Campus.

The remainder of this page intentionally left blank.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

5. Contributions of Nonfinancial Assets

Contributed nonfinancial assets (in-kind donations) during the years ended June 30, 2022 and 2021 were as follows:

Nonfinancial Asset	Revenue Recognized		Utilization in Programs/Activities	Valuation Techniques/Inputs
	June 30, 2022	June 30, 2021		
Food	\$ 205,311	\$ 96,564	Student Meal Program	The School estimated the fair value of donated food based on estimated wholesale prices of identical or similar products if purchased in the region
Contributed services - Transportation	27,625	27,625	Student Transportation Program	The School estimated the fair value of donated transportation services based on the rate charged to related charter schools for similar services.
Contributed services - Management	97,063	153,115	Management and General	The School estimated the fair value of donated management services based on the fixed rate per pupil charged to related charter schools for similar services.
Donated use of facilities	634,684	400,000	Management and General	The School estimated the fair value of donated use of facilities based on annual escalating rent rates agreed upon with related-party landlord.
	\$ 964,683	\$ 677,304		

6. Leases

In 2017, the School entered into a multi-year lease agreement as a lessee for the School's premises, with D.P. Real Estate Holdings, LLC ("DP"), a related party. The lease went into effect on May 1, 2017. The School is responsible for the leasehold improvements, repairs and maintenance, and the insurance of the properties. The lease term is for a period of nine years, expiring in December 2026, and includes a provision for escalating annual rentals based on a rate of 4% per year.

An initial lease liability was recorded in the amount of \$5,130,091 as of July 1, 2020, using an annual interest rate of 4.5%. As of June 30, 2022 and 2021, the outstanding balance on the lease liability is \$3,530,142 and \$4,327,838, respectively. An initial right-to-use lease asset was recorded in the amount of \$5,130,091 as of July 1, 2020. The value of the right-to-use lease asset, net of accumulated amortization of \$1,578,490 and \$789,245, was \$3,551,601 and \$4,340,846, for the years ended June 30, 2022 and 2021, respectively.

The remainder of this page intentionally left blank.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

The future principal and interest lease payments as of June 30, 2022, are as follows:

<i>Years Ending June 30,</i>	Principal	Interest	Total
2023	\$ 793,166	\$ 92,719	\$ 885,885
2024	788,661	132,658	921,321
2025	784,183	173,991	958,174
2026	779,730	216,771	996,500
2027	384,402	123,618	508,020
Total	\$ 3,530,142	\$ 739,757	\$ 4,269,900

7. Commitments and Contingencies

Management Services Agreement

The School entered into a five-year management agreement with a charter management company, Educational Management Associates, LLC (“EMA”), a related party, to provide management and administrative services to the School. The agreement expires on June 30, 2023. On May 31, 2018, the agreement was modified providing for changes in the management fee structure requiring the School to pay, as compensation, a management fee of \$537.50 per Full Time Equivalent (“FTE”) per annum. Management fee expense during the fiscal years 2022 and 2021 was approximately \$129,000 and \$153,000, respectively, which is included in fiscal services on the statements of activities. During the years ended June 30, 2022 and 2021, \$97,063 and \$153,115, respectively, of the expense was considered in-kind revenue and expense, as EMA contributed the management services during the fiscal years.

Management Company Information:

Name and Address
Educational Management Associates, LLC
2700 SW 8th Street
Miami, FL 33135

Risk Management

The School is exposed to various risks of loss related torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries property and liability insurance. Settlement amounts do not exceed insurance coverage. In addition, there have been no reductions of insurance coverage during the 2022 and 2021 fiscal years.

The remainder of this page intentionally left blank.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

8. Related Party Transactions

Related party transactions occurred during the current and prior year with the following entities:

School Board

Pursuant to the Charter School Agreement with the School Board, the School Board is paid an administrative fee of up to five percent (5%) of the qualifying revenues of the School. During the years ended June 30, 2022 and 2021, approximately \$87,000 and \$95,000, respectively, was paid to the School Board for administrative fees. Pursuant to the Charter School Agreement with the School Board, the School receives from the School Board an FTE for each full-time equivalent student enrolled. There were 240 and 286 full-time students enrolled during the years ended June 30, 2022 and 2021, respectively. The School also receives other allowances based upon students enrolled.

D.P. Real Estate Holdings, LLC

The School is related to DP as a result of the School and DP sharing common management. During the year ended June 30, 2022, lease payments for the rental of the School property between DP and the School were approximately \$217,000. There were no lease payments made by the School during the year ended June 30, 2021. During the years ended June 30, 2022 and 2021, \$634,684 and \$400,000, respectively, of the related expense was considered in-kind revenue and expense (NOTE 5), as DP donated the use of facilities for a period of time. As of June 30, 2022 and 2021, the School has a balance payable to DP of approximately \$419,000.

Educational Management Associates, LLC

The School is related to EMA as a result of the School and EMA sharing common management. During the years ended June 30, 2022 and 2021, the School incurred expenses under the term of the management agreement with EMA of \$97,063 and \$153,115, respectively, which is included in fiscal services on the statements of activities. During the years ended June 30, 2022 and 2021, \$97,063 and \$153,115, respectively, of the expense was considered in-kind revenue and expense (NOTE 5).

U.S. Community Transportation, Inc.

The School is a related party to U.S. Community Transportation, Inc. ("USCT") as a result of sharing common management. The School incurred transportation expenses under the terms of the transportation agreement with USCT of approximately \$28,000 during each of the years ended June 30, 2022 and 2021. During the years ended June 30, 2022 and 2021, the total amount of the transportation fees was considered in-kind revenue and expense as USCT contributed these services to the School during the fiscal year (NOTE 5).

The remainder of this page intentionally left blank.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Notes to Financial Statements

Lincoln-Marti Community Agency, Inc.

The School is a related party to Lincoln-Marti Community Agency, Inc. (“LMCA”) as a result of the terms and conditions of the meal program and sharing common management. The School participates in a meal program with LMCA, who purchases, prepares and delivers the food to the School for students that are eligible. The School recorded \$205,311 and \$96,564 in food services as an in-kind revenue and expense during the years ended June 30, 2022 and 2021 (NOTE 5), respectively. During the year ended June 30, 2022, LMCA made a cash contribution of \$400,000 to the School to support the School’s operations.

9. Risks and Uncertainties

Current Vulnerability Due to Concentration

During the years ended June 30, 2022 and 2021, the School received most of its support from the School Board. It is reasonably possible that in the near term these programs could increase or decrease due to budget modifications at the School Board, which could affect the School and its ability to continue operations. The School has considered this possibility and would seek other funding sources to continue its operations if any decreases were to occur.

10. Change in Accounting Principle - Implementation of GASB Statement No. 87

As discussed in Note 1 to the financial statements, the School adopted the provisions of GASB Statement No. 87, Leases, which requires the School to recognize a lease liability and an intangible right-to-use lease asset. As a result of the implementation of this statement, the School has recorded an opening balance adjustment as of July 1, 2020 to reflect an opening lease liability and intangible right-to-use lease asset and a change in opening net position and fund balance as follows:

Opening Net Position, as Originally Presented	Change in accounting Principle Adjustment	Opening Net Position, as Restated
\$ 1,130,641	\$ 337,755	\$ 1,468,396
Opening Fund Balance, as Originally Presented	Change in accounting Principle Adjustment	Opening Fund Balance, as Restated
\$ 799,006	\$ 337,754	\$ 1,136,760

The remainder of this page intentionally left blank.

Required Supplementary Information

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Budgetary Comparison Schedule

<i>Year ended June 30, 2022</i>	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
State FTE revenues	\$ 1,392,178	\$ 1,392,178	\$ 1,730,550	\$ 338,372
Local grants and other	1,291,337	1,291,337	542,755	(748,582)
Contributions of financial assets	-	-	400,000	400,000
Contributions of nonfinancial assets	-	-	964,683	964,683
Total Revenues	2,683,515	2,683,515	3,637,988	954,473
Expenditures				
Instruction	923,588	923,588	1,176,438	(252,850)
Student support services	11,500	11,500	572	10,928
Instruction and curriculum development services	62,800	62,800	54,501	8,299
Instructional staff training services	-	-	15,185	(15,185)
School board	17,000	17,000	22,000	(5,000)
School administration	300,573	300,573	422,115	(121,542)
Fiscal services	157,414	157,414	215,275	(57,861)
Food services	244,291	244,291	205,311	38,980
Central services	15,000	15,000	49,368	(34,368)
Student transportation services	-	-	27,625	(27,625)
Operation of plant	402,468	402,468	403,318	(850)
Maintenance of plant	50,000	50,000	117,475	(67,475)
Debt service	420,000	420,000	851,813	(431,813)
Total Expenditures	2,604,634	2,604,634	3,560,996	(956,362)
Change in Fund Balance	78,881	78,881	76,992	(1,889)
Fund Balance, beginning of year	1,241,201	1,241,201	1,241,201	-
Fund Balance, end of year	\$ 1,320,082	\$ 1,320,082	\$ 1,318,193	\$ (1,889)

See accompanying note to budgetary comparison schedule.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Budgetary Comparison Schedule

<i>Year ended June 30, 2021</i>	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
State FTE revenues	\$ 1,295,950	\$ 1,295,950	\$ 2,153,453	\$ 857,503
Local grants and other	901,398	901,398	405,601	(495,797)
Contributions of nonfinancial assets	234,735	234,735	677,304	442,569
Total Revenues	2,432,083	2,432,083	3,236,358	804,275
Expenditures				
Instruction	944,400	944,400	1,085,868	(141,468)
Student support services	11,500	11,500	-	11,500
Instruction and curriculum development services	10,000	10,000	30,344	(20,344)
Instructional staff training services	-	-	26,485	(26,485)
Instruction related technology	5,000	5,000	-	5,000
School board	17,000	17,000	22,000	(5,000)
School administration	369,050	369,050	490,613	(121,563)
Fiscal services	150,000	150,000	247,628	(97,628)
Food services	90,000	90,000	96,564	(6,564)
Central services	15,000	15,000	-	15,000
Student transportation services	-	-	27,625	(27,625)
Operation of plant	308,248	308,248	243,388	64,860
Maintenance of plant	50,000	50,000	42,351	7,649
Debt service	420,000	420,000	819,051	(399,051)
Total Expenditures	2,390,198	2,390,198	3,131,917	(741,719)
Change in Fund Balance	41,885	41,885	104,441	62,556
Fund Balance, beginning of year, as restated	799,006	799,006	1,136,760	337,754
Fund Balance, end of year	\$ 840,891	\$ 840,891	\$ 1,241,201	\$ 400,310

See accompanying note to budgetary comparison schedule.

Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

Note to Budgetary Comparison Schedules

1. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at year-end. The original budget and any subsequent amendments are approved by the Board of Directors. For the years ended June 30, 2022 and 2021, there were no amendments to the original budget.

The remainder of this page intentionally left blank.

Supplementary Auditor's Reports



Independent Auditor’s 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 and Officers of
Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)

We have audited, in accordance with the 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 major fund of Lincoln-Marti Charter Schools, Inc. (Hialeah Campus Charter School) (the “School”) (A Charter School under Lincoln-Marti Charter Schools, Inc.), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated August 31, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described as item 2022-001 that we consider to be a material weakness.

2022-001:

Criteria	Financial statements must comply with the applicable accounting standards.
Condition	We noted that the School did not properly adopt GASB Statement No. 87 - Leases during the year ended June 30, 2022.

Cause	The School's accounting department did not have properly designed policies and procedures to identify and implement newly effective accounting standards.
Effect or potential effect	Significant audit adjustments were made to the financial statements of the School to properly adopt GASB Statement No. 87 - Leases.
Recommendation	We recommend that the School provide additional continuing education to its accounting department in order to stay up to date with applicable accounting standards and implement procedures to ensure recently issued accounting pronouncements are evaluated and implemented in a timely manner.
View of responsible officials	The School will provide additional training to staff in order to ensure that any new accounting standards or updates are properly accounted for in the School's financial statements.

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*.

School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described previously. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Miami, Florida
August 31, 2022

BDO USA, LLP
Certified Public Accountants



Management Letter in Accordance with the Rules of the Auditor General of The State of Florida

Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
Hialeah Campus Charter School
(A Charter School under Lincoln-Marti Charter Schools, Inc.)
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of Lincoln-Marti Charter Schools, Inc. (Hialeah Campus Charter School) (the "School"), (A Charter School under Lincoln-Marti Charter Schools, Inc.), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated August 31, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, which is dated August 31, 2022, and should be considered in conjunction with this management letter.

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 are Lincoln-Marti Charter Schools, Inc. (Hialeah Campus Charter School); 5007.

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 recommendations or findings made in the preceding audit report.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.



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

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations 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, requires us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Website 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 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 the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Miami-Dade County School Board, 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.

August 31, 2022
Miami, Florida

BDO USA, LLP
Certified Public Accountants