



Mater Academy St. Cloud

WL# 0202

(A Charter School under Mater Academy Central, Inc. and
A Component Unit of the School District of Osceola County, Florida)

St. Cloud, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2020

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Mater Academy St. Cloud

(A charter school under)

W/L# 0202

1925 Nora Tyson Road

St. Cloud, Florida 34771

2019-2020

Board of Directors

Cesar Christian Crousillat, Board Chair, Director

Shannie Sadesky, Vice-Chair, Director

Idalia Suarez, Secretary, Director

Maurene Sotero Balmaseda, Director

School Administration

Ofelia Alvarez, Principal

Alexandra Castillo, Principal

Other Non-voting Corporate Officers

Roberto Blanch, Esq., President



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mater Academy St. Cloud
St. Cloud, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mater Academy St. Cloud (the "School"), a charter school under Mater Academy Central, Inc., as of, and for the year ended June 30, 2020, 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.

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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 St. Cloud, as of June 30, 2020, 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 St. Cloud as of June 30, 2020, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Mater Academy Central, Inc. These financial statements do not purport to and do not present fairly the financial position of Mater Academy Central, Inc. as of June 30, 2020 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 4 through 8 and 28 through 30 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 18, 2020, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 18, 2020

Management's Discussion and Analysis
Mater Academy St. Cloud
(A Charter school Under Mater Academy Central, Inc.)
June 30, 2020

The corporate officers of Mater Academy Central, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2020, the School's first year of operations.

Financial Highlights

1. The net position of the School at June 30, 2020 was \$17,436.
2. At year-end, the School had current assets on hand of \$565,161.
3. The School had an increase in its net position of \$14,196 for the year ended June 30, 2020.
4. The unassigned fund balance at year end was \$447,217.

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, 2020 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 is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

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

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

Fund Financial Statements

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

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government 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 and other major governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 11 – 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 16-27 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, net position was \$17,436 at the close of the fiscal year. A summary of the School's net position as of June 30, 2020 and 2019 is as follows:

	2020	2019
Cash	\$ 30,859	\$ 124,286
Investments	483,000	430,000
Prepaid expenses	32,295	26,561
Due from other agencies	19,007	16,686
Deposits receivable	14,100	14,100
Capital assets, net	926,022	586,289
Total Assets	1,505,283	1,197,922
Deferred outflows of resources	-	-
Accounts payable and accrued liabilities	85,649	98,322
Notes payable	1,402,198	1,093,360
Total Liabilities	1,487,847	1,191,682
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	506,071	187,557
Unrestricted	(488,635)	(184,317)
Total Net Position	\$ 17,436	\$ 3,240

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

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019
REVENUES		
Program Revenues		
Operating grants and contributions	\$ 442,518	\$ 226,557
Capital outlay funding	109,633	45,839
Charges for services	31,197	6,531
General Revenues		
Local sources (FTE and other non specific)	1,545,897	656,187
Other revenues	195,590	735,542
Total Revenues	\$ 2,324,835	\$ 1,670,656
EXPENSES		
Instruction	\$ 874,022	\$ 472,265
Student support services	10,061	5,464
Instructional staff training	8,546	5,082
Board	19,352	20,478
General administration	-	260
School administration	313,506	251,217
Fiscal services	32,475	16,819
Food services	25,518	21,947
Central services	88,172	116,787
Student transportation services	42,421	64,245
Operation of plant	790,029	626,922
Maintenance of plant	55,451	63,702
Administrative technology services	3,265	-
Community Services	17,862	2,228
Interest on long-term debt	29,959	-
Total Expenses	2,310,639	1,667,416
Increase in Net Position	14,196	3,240
Net Position at Beginning of Year	3,240	-
Net Position at End of Year	\$ 17,436	\$ 3,240

The School's revenue and expenditures increased by \$654,179 and \$643,223, respectively, due to an increase in enrollment. The School had an increase in its net position of \$14,196 for the year.

School Location and Lease of Facility

The School leases a facility located at 1925 Nora Tyson Road, St. Cloud, Florida.

Capital Improvement Requirements

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

School Enrollment

This past year was the second year of operations, the School had on average 217 students enrolled in kindergarten through sixth grade.

Achievements

In 2020, Mater Academy at St. Cloud completed its second year of operation, serving 217 students in Osceola County, FL. Previously, the school earned a letter grade of “C” under the State of Florida Accountability Program and expects to make significant learning gains in the following years. Due to the COVID-19 pandemic, the Florida Department of Education suspended state-mandated assessments for the 2020 school year. However, data from school-based internal assessments reflects that students made significant learning gains.

Mater St. Cloud’s opening in August of 2018 marked Mater’s third school in Osceola County. The school currently serves K-6 and expects to serve a full K-8 slate.

Mater Academy at St. Cloud will create a thirst for knowledge in all disciplines; kindle the art of thinking and serve as a springboard for lifelong learning; and deliver and enrich every student with a sense of purpose, a belief in their own efficacy, and a commitment to the common good.

The school aims to provide all students with a viable educational choice that offers a safe, supportive, and dynamic learning environment, cultivating relationships among all stakeholders to ensure that the students acquire and master the necessary skills and knowledge for success in college. The school’s educational program is aligned to innovative learning methods and established research-based practices that have proven successful in raising student learning and achievement in Mater schools.

Mater St. Cloud will prepare students for college through an enhanced focus on Project Lead the Way’s STEM curriculum, Robotics, and a Positive Behavior Intervention and Support System (PBIS) Character Education program.

As a member of the Mater Academy network of high quality charter schools, Mater Academy at St. Cloud is fully accredited by AdvancED under the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS-CASI) division.

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 \$479,512. The fund balance unassigned and available for spending at the School’s discretion is \$447,217. 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, 2020 amounts to \$926,022 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, computer equipment. As of June 30, 2020, the School had \$1,402,198 of debt associated to its capital assets and working capital.

Governmental Fund Budget Analysis and Highlights

Prior to the start of the School’s fiscal year, the Board of the Charter 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	\$ 107,800	\$ 109,850	\$ 109,633
Federal sources	350,000	420,877	442,518
General Revenues			
FTE nonspecific revenues	1,599,620	1,537,513	1,545,897
Charges and other revenues	152,600	226,566	226,787
Total Revenues	<u>2,210,020</u>	<u>2,294,806</u>	<u>2,324,835</u>
CURRENT EXPENDITURES			
Instruction	754,535	751,966	731,146
Student support services	15,414	12,874	10,061
Instructional staff training	7,500	10,000	8,546
Board	13,250	19,619	19,352
School administration	278,456	295,064	294,512
Fiscal services	33,000	32,475	32,475
Central services	74,000	89,475	88,172
Student transportation services	56,200	43,200	42,421
Operation of plant	799,797	764,677	758,913
Maintenance of plant	55,000	49,600	55,451
Administrative technology services	2,500	7,000	3,265
Community Services	15,750	17,880	17,862
Total Current Expenditures	<u>\$ 2,105,402</u>	<u>\$ 2,093,830</u>	<u>\$ 2,062,176</u>

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

Requests for Information

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

Mater Academy St. Cloud
(A charter school under Mater Academy Central, Inc.)

Statement of Net Position
June 30, 2020

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash	\$ 30,859
Investments	483,000
Prepaid expenses	32,295
Due from other agencies	19,007
Total current assets	<u>565,161</u>
Capital assets, depreciable	1,210,655
Less: accumulated depreciation	<u>(284,633)</u>
	926,022
Deposits receivable	<u>14,100</u>
Total Assets	1,505,283
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	44,445
Accounts payable	41,204
Notes payable, current portion	1,184,706
Total current liabilities	<u>1,270,355</u>
Notes payable, long-term	<u>217,492</u>
Total Liabilities	<u>1,487,847</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	
Net investment in capital assets	506,071
Unrestricted	<u>(488,635)</u>
Total Net Position	<u>\$ 17,436</u>

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

Mater Academy St. Cloud
(A charter school under Mater Academy Central, Inc.)

Statement of Activities
For the year ended June 30, 2020

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	\$ 874,022	\$ -	\$ 442,518	\$ -	\$ (431,504)
Student support services	10,061	-	-	-	(10,061)
Instructional staff training	8,546	-	-	-	(8,546)
Board	19,352	-	-	-	(19,352)
School administration	313,506	-	-	-	(313,506)
Fiscal services	32,475	-	-	-	(32,475)
Food services	25,518	-	-	-	(25,518)
Central services	88,172	-	-	-	(88,172)
Student transportation services	42,421	-	-	-	(42,421)
Operation of plant	790,029	1,105	-	109,633	(679,291)
Maintenance of plant	55,451	-	-	-	(55,451)
Administrative technology services	3,265	-	-	-	(3,265)
Community Services	17,862	30,092	-	-	12,230
Interest on long-term debt	29,959	-	-	-	(29,959)
Total governmental activities	2,310,639	31,197	442,518	109,633	(1,727,291)
General revenues:					
FTE and other nonspecific revenues					1,545,897
Other revenue					195,590
Change in net position					14,196
Net position, beginning					3,240
Net position, ending					\$ 17,436

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

Mater Academy St. Cloud
(A charter school under Mater Academy Central, Inc.)

Balance Sheet - Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 30,859	\$ -	\$ -	\$ 30,859
Investments	483,000	-	-	483,000
Due from other agencies	-	2,269	16,738	19,007
Due from fund	19,007	-	-	19,007
Prepaid expenses	32,295	-	-	32,295
Total Assets	<u>565,161</u>	<u>2,269</u>	<u>16,738</u>	<u>584,168</u>
<u>Deferred Outflows of Resources</u>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>				
Salaries and wages payable	44,445	-	-	44,445
Accounts payable	41,204	-	-	41,204
Due to fund	-	2,269	16,738	19,007
Total Liabilities	<u>85,649</u>	<u>2,269</u>	<u>16,738</u>	<u>104,656</u>
<u>Deferred Inflows of Resources</u>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance</u>				
Nonspendable, not in spendable form	32,295	-	-	32,295
Unassigned	447,217	-	-	447,217
	<u>479,512</u>	<u>-</u>	<u>-</u>	<u>479,512</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 565,161</u>	<u>\$ 2,269</u>	<u>\$ 16,738</u>	<u>\$ 584,168</u>

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

Mater Academy St. Cloud
(A charter school under Mater Academy Central, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2020

Total Fund Balance - Governmental Funds \$ 479,512

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

Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the fund.

Capital assets	1,210,655	
Accumulated depreciation	<u>(284,633)</u>	926,022

Non-current assets are not recoverable in the current period and therefore, are not reported in the fund. 14,100

Long term liabilities were not due and payable in the current period and, therefore, are not reported in the fund. (1,402,198)

Total Net Position - Governmental Activities \$ 17,436

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

Mater Academy St. Cloud
(A charter school under Mater Academy Central, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
State passed through local	\$ 1,545,897	\$ -	\$ -	\$ 1,545,897
State capital outlay funding	-	-	109,633	109,633
Federal sources	-	442,518	-	442,518
Charges and other revenue	226,787	-	-	226,787
Total Revenues	1,772,684	442,518	109,633	2,324,835
Expenditures:				
Current				
Instruction	700,403	30,743	-	731,146
Student support services	10,061	-	-	10,061
Instructional staff training	8,546	-	-	8,546
Board	19,352	-	-	19,352
School administration	294,512	-	-	294,512
Fiscal services	32,475	-	-	32,475
Central services	88,172	-	-	88,172
Student transportation services	42,421	-	-	42,421
Operation of plant	649,280	-	109,633	758,913
Maintenance of plant	55,451	-	-	55,451
Administrative technology services	3,265	-	-	3,265
Community Services	17,862	-	-	17,862
Capital Outlay:				
Other capital outlay	146,462	411,775	-	558,237
Debt Service:				
Repayment of Principal	85,233	-	-	85,233
Interest on long-term debt	29,959	-	-	29,959
Total Expenditures	2,183,454	442,518	109,633	2,735,605
Excess (deficit) of revenues over expenditures	(410,770)	-	-	(410,770)
Other financing sources (uses):				
Transfers in (out)	-	-	-	-
Proceeds from long-term debt	391,071	-	-	391,071
Net change in fund balance	(19,699)	-	-	(19,699)
Fund Balance at beginning of year	499,211	-	-	499,211
Fund Balance at end of year	\$ 479,512	\$ -	\$ -	\$ 479,512

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

Mater Academy St. Cloud
 (A charter school under Mater Academy Central, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
 of Governmental Funds to the Statement of Activities
 For the year ended June 30, 2020

Net Change in Fund Balance - Governmental Funds \$ (19,699)

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 differed from depreciation expense.

Capital outlay expenditures	558,237	
Depreciation expense	(185,510)	
Reclassified to expense	<u>(32,994)</u>	339,733

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Repayment of 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 proceeds differed repayments.

Proceeds from debt issuance	(391,071)	
Repayments	<u>85,233</u>	<u>(305,838)</u>

Change in Net Position of Governmental Activities \$ 14,196

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

Mater Academy St. Cloud
(A charter school under Mater Academy Central, Inc.)

Statement of Net Position - Fiduciary Funds
June 30, 2020

	<u>Agency Funds - School's Internal Account</u>
<u>Assets</u>	
Cash	\$ 954
Total Assets	<u>954</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Due to students and clubs	954
Total Liabilities	<u>954</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	<u>\$ -</u>

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Mater Academy St. Cloud (the "School"), is a component unit and a charter school sponsored by the School District of Osceola County, Florida (the "District"). The School's charter is held by Mater Academy Central, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Mater Academy Central, Inc., which is composed of four members and also governs other charter schools. Mater Academy Central, Inc. is a single member entity controlled by Mater Academy, Inc. Both entities have board of director members in common. The board of directors has determined that no component units exist that would be 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 Osceola County, Florida. The current charter expires on June 30, 2023 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 St. Cloud, Florida for students from kindergarten through eighth grade and is funded by the District. These financial statements are for the year ended June 30, 2020, when on average 217 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 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. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

Government-wide and Fund Financial Statements

Government Wide Financial Statements

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

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

Special Revenue Fund - accounts for specific revenue, such as federal funding that is legally restricted to expenditures for particular purposes.

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

Additionally, the School reports the following fiduciary fund types:

Agency Fund – accounts for resources of the Schools' Internal Fund which is used to administer monies collected at the schools in connection with school, student activities, class, and club activities.

Measurement Focus and Basis of Accounting

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

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

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available.

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

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. The Fiduciary Funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Budgets and Budgetary Accounting

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

Cash and Investments

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

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School has adopted GASB Codification Section 3100 *Fair Value Measurement and Application* (see Note 2).

Inter-fund Transfers

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

Prepaid Expenses and Other Assets

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

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital assets are depreciated using the straight-line method. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government wide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, Equipment and Fixtures	5 - 10 Years
Textbooks and software	3 Years
Motor vehicles	5 Years

Due from Other Governments or Agencies

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

Deferred Outflows/Inflows of Resources

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

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

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. There is an opportunity to “cash out” unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days. 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 sick days 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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 Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and long-term receivables, 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 "invested in capital assets, net of related debt."

Note 1 – Summary of Significant Accounting Policies (continued)

When both restricted and unrestricted resources are available for a specific purpose, it is the Schools'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*. This Statement 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 inventories and prepaid expenses.
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. There are no restricted balances at year end.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

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

Long-Term Debt

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

Income Taxes

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

Note 1 – Summary of Significant Accounting Policies (continued)

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 18, 2020, which is the date the financial statements were available to be issued.

Note 2 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2020:

	Balance 07/01/19	Additions	Reclassifications	Balance 06/30/20
Capital Assets:				
Depreciable:				
Furniture, equipment and fixtures	\$ 651,465	\$ 443,324	\$ (32,994)	\$ 1,061,795
Computer software	33,947	9,362	-	43,309
Motor vehicles	-	105,551	-	105,551
Total Capital Assets	<u>\$ 685,412</u>	<u>\$ 558,237</u>	<u>\$ (32,994)</u>	<u>\$ 1,210,655</u>
Less Accumulated Depreciation:				
Furniture, equipment and fixtures	\$ (89,677)	\$ (172,430)	\$ -	\$ (262,107)
Computer software	(9,446)	(11,321)	-	(20,767)
Motor vehicles	-	(1,759)	-	(1,759)
Total Accumulated Depreciation	<u>(99,123)</u>	<u>(185,510)</u>	<u>-</u>	<u>(284,633)</u>
Capital Assets, net	<u>\$ 586,289</u>	<u>\$ 372,727</u>	<u>\$ (32,994)</u>	<u>\$ 926,022</u>

For the fiscal year ended June 30, 2020, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$ 109,882
School administration	18,994
Food service	25,518
Operation of plant	31,116
Total Depreciation Expense	<u>\$ 185,510</u>

Note 3 – Cash and Investments

Deposits

The School maintains its cash in two financial institutions. As of June 30, 2020, the School's deposits consisted of cash balances of \$24,415.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Mater Academy Central, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Mater Academy Central, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2020, bank balances in potential excess of FDIC coverage was approximately \$33,000; including fiduciary account bank balances.

Investments

The School categorizes its fair value measurements within the fair value hierarchy established by GASB Codification Section 3100 *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, 2020, the School has the following recurring fair value measurements:

- Government money market mutual fund of \$880,000 valued using Level 2 inputs.

The government 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, 2020, maturities of the fund's portfolio holdings are approximately 63% within 30 days.

Credit Risk

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

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2020, 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.

Note 3 – Cash and Investments (continued)

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 4 – Education Service and Support Provider

Academica Broward, LLC, an education service and support provider, provides administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting and virtual services. The agreement between the School and the education service and support provider calls for a fee on a per student basis. The agreement is with Mater Academy Central, Inc. for a period of five years, through June 30, 2021, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2020, the School incurred \$97,425 in fees.

Academica Broward, LLC is located at 6340 Sunset Drive, Miami, Florida.

Note 5 – Transactions with Mater Academy, Inc.

As described in Note 1, Mater Academy Central, Inc. and Mater Academy, Inc. are affiliated entities. Mater Academy, Inc. charges an assessment to all its affiliated schools for shared corporate costs and accreditation expenses. During 2020, the School paid \$32,475 to the Corporation for these shared costs.

Recoverable Grant

The School has received recoverable grants from Mater Academy, Inc. The purpose of these grants is for the School to fund operating expenses. Under the terms, the School would repay the corporate account of contingent on subsequently meeting certain financial conditions. For the years ending June 30, 2020 and 2019, the School received recoverable grants totaling \$50,000 and \$730,000, respectively. To date, management has determined that the School has not met the requirements for repayment under the grant terms. The maximum amount the School may be required to pay in the future should the school meet the requirements for repayment is \$780,000.

Note 6 – Commitments, Contingencies and Concentrations

Effective July 1, 2018, the Mater Academy Central, Inc. entered into a Lease Agreement on behalf of the School with St. Cloud School Development, LLC (the “Landlord”), for the Leased Premises as identified in the Agreement and located at 1925 Nora Tyson Road, St. Cloud, Florida. The Landlord is an affiliate of the School’s educational service and support provider (see Note 4). Initial fixed annual payments under the Lease Agreement (based on \$18.00 per square foot) are \$664,764, adjusted annually and commencing on the third annual lease year based on the Consumer Price Index (CPI), plus additional property costs including repairs, maintenance and insurance. For the second lease year the fixed rent was subject to an enrollment period discount of \$9,236 per month.

The agreement continues through June 30, 2038 (“initial term”), with an option to renew for two additional five-year term periods. Under the Lease Agreement, Mater Academy Central, Inc. must meet certain covenants and requirements, including a “Lease Payment Coverage Ratio” of not less than 1.10 to 1.00. The Lease Agreement is guaranteed by Mater Academy, Inc.

For 2020, rent expense net of enrollment discounts totaled \$554,145.

Future minimum payments per the agreement, are as follows:

Year	Minimum Lease Payments	
2021	\$ 669,400	
2022	\$ 669,400	
2023	\$ 669,400	
2024	\$ 669,400	
2025	\$ 669,400	
2026-2030	\$ 3,347,000	Total for a five-year period
2031-2035	\$ 3,347,000	Total for a five-year period
2036-2038	\$ 2,008,000	Total for a three-year period

Contingencies and Concentrations

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

Note 6 – Commitments, Contingencies and Concentrations (continued)

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2020, administrative fees withheld by the School District totaled \$77,353.

Food Service Agreement

The School entered into a food service agreement with the School Board of Osceola County (“Sponsor”) to provide a lunch program for its students. Revenues and certain expenses related to this program are reflected in the Sponsor’s books and not in the School’s financial statements.

COVID-19

On January 21, 2020 the Centers for Disease Control and Preventions (CDC) confirmed the first case of 2019 Novel Coronavirus (COVID-19) in the United States. The ongoing spread of the new COVID-19 has become a threat to the global economy and financial markets. The ultimate effect of COVID-19 on the School and its future operations cannot presently be determined.

Note 7 – Long Term Debt

Mater Academy Central, Inc. renewed a promissory note from a financial institution on August 4, 2020 with a principal balance of \$2,500,000 for purposes of providing working capital to the School. The School shares the \$2,500,000 revolving line of credit with Mater Brighton Lakes Academy and Mater Palms Academy, charter schools under Mater Academy Central, Inc. The facility bears an interest rate of 1.95% per annum and is due in full with all accrued interest at maturity on February 1, 2021. The line of credit is secured by a certificate of deposit in the name of Mater Academy Inc. As of June 30, 2020, the outstanding balance that pertains to the School is \$1,096,360. In the event an instance of default is not remedied, the underlying collateral may be forfeited.

On June 25, 2019, the School obtained financing collateralized by equipment from a financial institution for a total loan balance of \$285,520. The terms require the loan to be repaid in 48 monthly installments that include principal and interest at a fixed interest rate of 3.95%. As of June 30, 2020 the balance due was at \$224,009.

On June 12, 2020, the School obtained financing collateralized by a motor vehicle from a financial institution for a total loan balance of \$105,551. The terms require the loan to be repaid in five yearly installments that include principal and interest at a fixed interest rate of 6.20%. As of June 30, 2020 the balance due was at \$81,829.

The following schedule provides a summary of long-term debt for the period:

	Balance 07/01/19	Advances	Repayments	Balance 06/30/20
Revolving line of credit	\$1,096,360	\$ -	\$ -	\$1,096,360
Equipment financing	-	285,520	(61,511)	224,009
Motor vehicle financing	-	105,551	(23,722)	81,829
Long term debt	<u>\$1,096,360</u>	<u>\$ 391,071</u>	<u>\$ (85,233)</u>	<u>\$1,402,198</u>

Note 7 – Long Term Debt (continued)

Future total debt service requirements related to the promissory note are as follows as of June 30, 2020:

<u>Year ending:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$1,184,706	\$ 25,254	\$1,209,960
2022	92,297	8,710	101,007
2023	102,860	4,587	107,447
2024	22,335	1,387	23,722
	<u>\$1,402,198</u>	<u>\$ 39,938</u>	<u>\$1,442,136</u>

Note 8 – Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions 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 agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

Note 9 – Defined Contribution Retirement Plan

Post-retirement Benefits

The School’s personnel, who 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 will match 100% of the employee’s contribution 4% up to of the employee’s compensation. The School contributed to the Plan \$7,457 for the year ended June 30, 2020. The School does not exercise any control or fiduciary responsibility over the Plan’s assets, which are administered by Voya Financial.

Note 10 – Interfund Transfers

Due from / due to balances in the governmental funds as of June 30, 2020 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
Due to General Fund from Capital Projects Fund for capital outlay	\$ 16,738	\$ -	\$ (16,738)
Due to General Fund from Special Revenue Fund for Title IV	2,269	(2,269)	-
Total Due from/(Due to)	<u>\$ 19,007</u>	<u>\$ (2,269)</u>	<u>\$ (16,738)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Mater Academy St. Cloud
(A charter school under Mater Academy Central, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2020

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 1,599,620	\$ 1,537,513	\$ 1,545,897
Charges and other revenue	152,600	226,566	226,787
Total Revenues	<u>1,752,220</u>	<u>1,764,079</u>	<u>1,772,684</u>
EXPENDITURES			
Current:			
Instruction	679,535	675,590	700,403
Student support services	15,414	12,874	10,061
Instructional staff training	7,500	10,000	8,546
Board	13,250	19,619	19,352
School administration	278,456	295,064	294,512
Fiscal services	33,000	32,475	32,475
Central services	74,000	89,475	88,172
Student transportation services	56,200	43,200	42,421
Operation of plant	691,997	654,827	649,280
Maintenance of plant	55,000	49,600	55,451
Administrative technology services	2,500	7,000	3,265
Community services	15,750	17,880	17,862
Total Current Expenditures	<u>1,922,602</u>	<u>1,907,604</u>	<u>1,921,800</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>(170,382)</u>	<u>(143,525)</u>	<u>(149,116)</u>
Debt Service:			
Redemption of Principal	85,550	85,550	85,233
Interest on long-term debt	30,000	30,000	29,959
Capital Outlay			
Other capital outlay	<u>170,000</u>	<u>170,000</u>	<u>146,462</u>
Total Capital Outlay and Debt Service Expenditures	<u>285,550</u>	<u>285,550</u>	<u>261,654</u>
Total Expenditures	<u>2,208,152</u>	<u>2,193,154</u>	<u>2,183,454</u>
Excess (Deficit) of Revenues Over Expenditures	(455,932)	(429,075)	(410,770)
Other financing sources (uses):			
Transfers in (out)	-	-	-
Long-term debt issued	<u>391,000</u>	<u>391,000</u>	<u>391,071</u>
Net change in fund balance	(64,932)	(38,075)	(19,699)
Fund Balance at beginning of year	<u>499,211</u>	<u>499,211</u>	<u>499,211</u>
Fund Balance at end of year	<u>\$ 434,279</u>	<u>\$ 461,136</u>	<u>\$ 479,512</u>

Notes to Budgetary Comparison Schedule

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

Mater Academy St. Cloud
(A charter school under Mater Academy Central, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2020

	Special Revenue Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 350,000	\$ 420,877	\$ 442,518
Total Revenues	<u>350,000</u>	<u>420,877</u>	<u>442,518</u>
EXPENDITURES			
Current:			
Instruction	<u>75,000</u>	<u>76,376</u>	<u>30,743</u>
Total Current Expenditures	<u>75,000</u>	<u>76,376</u>	<u>30,743</u>
Excess of Revenues Over Current Expenditures	<u>275,000</u>	<u>344,501</u>	<u>411,775</u>
Capital Outlay	<u>275,000</u>	<u>344,501</u>	<u>411,775</u>
Total Expenditures	<u>350,000</u>	<u>420,877</u>	<u>442,518</u>
Excess (deficit) of Revenues Over Expenditures	-	-	-
Other financing sources (uses) Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Budgetary Comparison Schedule

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

Mater Academy St. Cloud
 (A charter school under Mater Academy Central, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the year ended June 30, 2020

	Capital Outlay Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 107,800	\$ 109,850	\$ 109,633
Total Revenues	<u>107,800</u>	<u>109,850</u>	<u>109,633</u>
EXPENDITURES			
Current:			
Operation of Plant	<u>107,800</u>	<u>109,850</u>	<u>109,633</u>
Total Current Expenditures	<u>107,800</u>	<u>109,850</u>	<u>109,633</u>
Excess of Revenues Over Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>107,800</u>	<u>109,850</u>	<u>109,633</u>
Excess of Revenues Over Expenditures	-	-	-
Other financing sources (uses) Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Budgetary Comparison Schedule

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



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 of
Mater Academy St. Cloud
St. Cloud, Florida

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, each major fund, and the aggregate remaining fund information of Mater Academy St. Cloud (the "School") as of, and for the year ended June 30, 2020, 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 18, 2020.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that were reported to management in a separate management letter dated September 18, 2020 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 18, 2020



MANAGEMENT LETTER

To the Board of Directors of
Mater Academy St. Cloud
St. Cloud, Florida

Report on the Financial Statements

We have audited the financial statements of Mater Academy St. Cloud, St. Cloud, Florida, as of and for the year ended June 30, 2020, and have issued our report thereon dated September 18, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 18, 2020, 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.

See below for current status of findings and recommendations made in the preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of education of the entity is Mater Academy St. Cloud, 0202.

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Financial Condition and Management

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Mater Academy St. Cloud 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 St. Cloud 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 St. Cloud. It is management's responsibility to monitor Mater Academy St. Cloud'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 recommendation to improve financial management. In connection with our audit, we had the following recommendations: See below for current status of prior findings and recommendations that are repeat observations.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to report the results of our determination as to whether Mater Academy St. Cloud 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 St. Cloud 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 note any such findings.

Status of Prior Year Audit Findings and Recommendations

ML – 19-01 INTERNAL ACCOUNT DEPOSITS

Recom-
mendation: We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all deposits and cash receipts are properly counted, reviewed, and reconciled to the amount deposited in the bank account.

Views of Responsible
officials: See attached management response.

Status: This finding is a repeat observation during the current year.

ML – 19-02 INTERNAL ACCOUNT DISBURSEMENTS

Recommendation: We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all disbursement of funds are properly documented, approved, and authorized deposits and cash receipts are properly counted, reviewed, and authorized prior to checks or other method of payment are issued.

Views of Responsible officials: See attached management response.

Status: We noted that there were no disbursements for which sales tax was reimbursed, this was corrected in the current year. However, we noted disbursements without purchase orders, and disbursements with missing source documentation such as an invoice. This finding is a repeat observation during the current year.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, School District of Osceola County, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 18, 2020

MATER ACADEMY ST. CLOUD

September 14th, 2020

HLB Gravier, LLP
396 Alhambra Circle, 9th Floor
Coral Gables, FL 33134

RE: MANAGEMENT'S RESPONSE TO AUDITOR'S RECOMMENDATION

The following is the response by the School's Administrator to your recommendations:

ML – 19-01 INTERNAL ACCOUNT DEPOSITS
(Repeat Finding)

Recommendation

We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all deposits and cash receipts are properly counted, reviewed, and reconciled to the amount deposited in the bank account.

Management Response

Management will adhere to the auditor's recommendation. Continuous oversight of deposits will be performed by the Principal, ensuring that all deposits and cash receipts are properly counted, reviewed and reconciled to the amount deposited in the appropriate bank account. The school has a new Principal and Treasurer that have received training in order to ensure compliance with these policies and procedures.

ML – 19-02 INTERNAL ACCOUNT DISBURSEMENTS
(Repeat Finding)

Recommendation

We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all disbursement of funds are properly documented, approved, and authorized deposits and cash receipts are properly counted, reviewed, and authorized prior to checks or other method of payment are issued.

Management Response

Management will adhere to the auditor's recommendation. Continuous oversight of disbursements will be performed by the Principal, ensuring that all disbursements of funds are properly documented, approved and authorized deposits and cash receipts are properly counted, reviewed, and authorized prior to checks or other method of payment are issued. The school has a new Principal and Treasurer that have received training in order to ensure compliance with these policies and procedures.

Sincerely,

X 

Alexandra Castillo
Principal, Mater Academy St. Cloud

X 

Roberto Blanch
President, Mater Academy, Inc.

MATER ACADEMY ST. CLOUD

September 14th, 2020

HLB Gravier, LLP
396 Alhambra Circle, 9th Floor
Coral Gables, FL 33134

RE: MANAGEMENT'S RESPONSE TO AUDITOR'S RECOMMENDATION

The following is the response by the School's Administrator to your recommendations:

ML – 19-01 INTERNAL ACCOUNT DEPOSITS
(Repeat Finding)

Recommendation

We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all deposits and cash receipts are properly counted, reviewed, and reconciled to the amount deposited in the bank account.

Management Response

Management will adhere to the auditor's recommendation. Continuous oversight of deposits will be performed by the Principal, ensuring that all deposits and cash receipts are properly counted, reviewed and reconciled to the amount deposited in the appropriate bank account. The school has a new Principal and Treasurer that have received training in order to ensure compliance with these policies and procedures.

ML – 19-02 INTERNAL ACCOUNT DISBURSEMENTS
(Repeat Finding)

Recommendation

We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all disbursement of funds are properly documented, approved, and authorized deposits and cash receipts are properly counted, reviewed, and authorized prior to checks or other method of payment are issued.

Management Response

Management will adhere to the auditor's recommendation. Continuous oversight of disbursements will be performed by the Principal, ensuring that all disbursements of funds are properly documented, approved and authorized deposits and cash receipts are properly counted, reviewed, and authorized prior to checks or other method of payment are issued. The school has a new Principal and Treasurer that have received training in order to ensure compliance with these policies and procedures.

Sincerely,

X 

Alexandra Castillo

Principal, Mater Academy St. Cloud

X 

Roberto Blanch

President, Mater Academy, Inc.