

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

FINANCIAL STATEMENTS

JUNE 30, 2020

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas – Florida City Campus
(A Component Unit of the School Board of Miami-Dade County)

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Lincoln-Marti Charter Schools, Inc. (Charter High School of the Americas – Florida City Campus) (the "School"), (a Component Unit of the School Board of Miami-Dade County), 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

The School's 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 an opinion 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. 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 statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 opinion.

Opinion

In our opinion, the 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, 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.

To the Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas – Florida City Campus
(A Component Unit of the School Board of Miami-Dade County)
Page Two

Emphasis of Matter – Presentation

As discussed in Note 1, the financial statements of the School are intended to present the financial position and the changes 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, 2020, 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.

Emphasis of Matter – Coronavirus

As further discussed in Note 7, the School is subject to the economic and health conditions in the United States, including the coronavirus which was designated as a global pandemic by the World Health Organization on March 11, 2020. Management is currently assessing the impact of these conditions and continues to explore various options to minimize the financial impact, however the ultimate outcome is not known as of the date these financial statements were available to be issued. 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 management's discussion and analysis on pages 3 through 8 and budgetary comparison information on pages 20 through 21 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 as of and for the year ended June 30, 2020 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 28, 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, and 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 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.



Miami, Florida
August 28, 2020

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

As management of Lincoln-Marti Charter Schools, Inc. (Charter High School of the Americas – Florida City Campus) (the "School"), we offer readers this narrative overview and analysis of the financial activities of the School as of and for the year ended June 30, 2020.

Management's discussion and analysis provides, in layman's terms, the 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

The year ended June 30, 2020 was the School's first year of operations. Our financial statements provide insights into the results of the current year's operations. The School generated a change in net position of \$28,539. The majority of revenues consisted of contributions and state FTE revenues for the fiscal year ended June 30, 2020. Expenses during the year ended June 30, 2020 were approximately \$60,000 which consisted mainly of instruction, school board, and school administration. This was a result of the School being in its first year of operation which resulted in more funds being allocated to these governmental activities.

The net position of the School at June 30, 2020 was \$28,539, all of which was unrestricted.

Using this Annual Report

This discussion and analysis is 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 other 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 *statement of net position* presents 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 *statement of activities* presents information showing how the School's net position changed during the 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 9 through 10 of this report.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020

Using this Annual Report (Continued)

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.

Government 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 doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement 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 sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances 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 11 through 13 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 14 through 18 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 20 through 21 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 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.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020

Government-Wide Financial Analysis

This is the School's first year of operations. The School's net position was \$28,539 as of June 30, 2020, of which all was unrestricted.

Our analysis of the financial statements of the School begins below. The Statement of Net Position and the Statement 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.

Table A-1
Summary of net position

	<u>June 30, 2020</u>
Current assets	<u>\$ 98,629</u>
Total assets	<u>98,629</u>
Accounts payable and accrued expenses	<u>70,090</u>
Total liabilities	<u>70,090</u>
Unrestricted	<u>28,539</u>
Total net position	<u>\$ 28,539</u>

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 JUNE 30, 2020

Government-Wide Financial Analysis (Continued)

Net Position (Continued)

Table A-2
Summary of changes in net position

	Year ended June 30, 2020
REVENUES	
State FTE revenues	\$ 44,216
Local grants and other	11,910
Contributions	32,284
Total Revenues	88,410
EXPENSES	
Instruction	33,330
Instruction and curriculum development services	2,641
School board	8,000
School administration	10,996
Food services	4,904
Total Expenses	59,871
Change in net position	28,539
Net position, beginning	-
Net position, ending	\$ 28,539

As noted in Table A-2, the cost of all governmental activities during the year ended June 30, 2020 was \$59,871. The majority of these activities were financed through general revenues of \$78,924, which consist primarily of FTE funding from the state for the year ended June 30, 2020.

See "Financial Highlights" on page 3 of this report for a further explanation of the reason for the increase in net position.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
 CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
 (A Component Unit of the School Board of Miami-Dade County)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 JUNE 30, 2020

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.

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 2020, the fund balance of the General Fund was \$28,539. The General Fund is the chief operating fund and only fund of the School.

A summary of the General Fund's condensed balance sheet and statement of revenues, expenditures and changes in fund balance is presented in Table B-1 and B-2 as of and for the year ended June 30, 2020.

Table B-1
Summary of condensed balance sheet

	June 30, 2020
Total assets	\$ 98,629
Total liabilities	\$ 70,090
Total fund balance	28,539
Total liabilities and fund balance	\$ 98,629

Table B-2
Summary of condensed statement of revenues, expenditures and changes in fund balance

	Year ended June 30, 2020
Total revenues	\$ 88,410
Total expenditures	59,871
Change in fund balance	\$ 28,539

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 fiscal year ended June 30, 2020.

The General Fund's actual revenues was \$88,410 for the year ended June 30, 2020. For the year ended June 30, 2020, this is above the budget estimates primarily due to local grants and other. The actual expenditures of the General Fund were \$59,871 for the year ended June 30, 2020. For the year ended June 30, 2020, this is below the budget estimates primarily due to school administration, operation of plant, and instruction. See pages 20 and 21 for the budgetary comparison schedule.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020

Economic Factors and Next Year's Budget

The State of Florida education funding for the Florida Education Finance Program for the fiscal year 2020-2021 minimally increased. These factors were considered in preparing the School's budget for fiscal year 2020-2021.

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.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS

Cash	\$ 98,629
TOTAL ASSETS	<u>\$ 98,629</u>

LIABILITIES AND NET POSITION

LIABILITIES

Accounts payable and accrued expenses	\$ 70,090
TOTAL LIABILITIES	<u>70,090</u>

NET POSITION

Unrestricted	<u>28,539</u>
TOTAL NET POSITION	<u>28,539</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 98,629</u>

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

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants	Revenues and Changes in Net Position Governmental Activities Total
Governmental Activities:					
Instruction	\$ (33,330)	\$ -	\$ 4,582	\$ -	\$ (28,748)
Instruction and curriculum development services	(2,641)	-	-	-	(2,641)
School board	(8,000)	-	-	-	(8,000)
School administration	(10,996)	-	-	-	(10,996)
Food services	(4,904)	-	4,904	-	-
Total activities	<u>\$ (59,871)</u>	<u>\$ -</u>	<u>\$ 9,486</u>	<u>\$ -</u>	<u>\$ (50,385)</u>
General Revenues:					
FTE non-specific revenues					\$ 44,216
Local grants and other					2,424
Contributions					<u>32,284</u>
Total general revenues					<u>\$ 78,924</u>
Change in net position					\$ 28,539
Net position, beginning					<u>-</u>
Net position, ending					<u>\$ 28,539</u>

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

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2020

ASSETS	
Cash	\$ 98,629
TOTAL ASSETS	\$ 98,629
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 70,090
TOTAL LIABILITIES	\$ 70,090
FUND BALANCE	
Unassigned	\$ 28,539
TOTAL FUND BALANCE	\$ 28,539
Net position of governmental activities	\$ 28,539

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

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

REVENUES:	
State FTE revenues	\$ 44,216
Local grants and other	11,910
Contributions	32,284
	<hr/>
Total revenues	88,410
	<hr/>
EXPENDITURES:	
Instruction	33,330
Instruction and curriculum development services	2,641
School board	8,000
School administration	10,996
Food services	4,904
	<hr/>
Total expenditures	59,871
	<hr/>
Change in fund balance	28,539
Fund balance at beginning of year	-
	<hr/>
Fund balance at end of year	\$ 28,539
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The accompanying notes are an integral part of these financial statements.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)**

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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

Net change in fund balances - total governmental fund	\$ 28,539
Change in net position of governmental activities	<u>\$ 28,539</u>

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

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
 CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
 (A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

On June 19, 2019, 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 Schools (Charter High School of the Americas – Florida City Campus) (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 June 19, 2019 for a 5 year term commencing with the 2019-2020 school year and ending June 30, 2024. 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. For financial reporting purposes, the School is considered a component unit of the School Board of Miami-Dade County and is included in the School Board's comprehensive annual financial report.

Enrollment and Grade Configuration

<u>School Name and Address</u>	<u>Grades</u>	<u>Enrollment</u>
Lincoln-Marti Charter Schools (Charter High School of the Americas- Florida City Campus) 157-151 East Lucy Street Florida City, FL 33034	9 - 12	7

Board of Directors

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

Martin Anorga	President/Chairperson
Clay Reiner	Vice President/Secretary
Juan C. Alcantara	Treasurer

Financial Statement Presentation

For financial reporting purposes, Charter High School of the Americas – Florida City Campus is a Charter School operated by Lincoln-Marti Charter Schools, Inc.

The financial statements present the government-wide statements, balance sheet and statement of revenues, expenditures and changes in fund balance for the Charter High School of the Americas – Florida City Campus of Lincoln-Marti Charter Schools, Inc. only and do not represent a complete presentation of the assets, liabilities, net position, statement 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, 2020 or its changes in net position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)**

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The School's government-wide financial statements (i.e., the statement of net position and the statement 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 statement of activities demonstrates 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 9 months of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

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 a maturity of three months or less when purchased to be cash and cash equivalents. The School had no cash equivalents at June 30, 2020.

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:

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position (Continued)

Fund Balance/Net Position (Continued)

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.

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 (net of related debt) - is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital asset related debt. The net related debt is debt less the outstanding liquid assets and any associated unamortized cost.

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.

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.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 FTE 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 FTE students and related data to the FDOE for 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 FTE students reported by the School during the designated FTE student survey periods.

Income Taxes

The School qualifies as a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and is therefore exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Subsequent Events

The School has evaluated subsequent events through August 28, 2020, which is the date the financial statements were available to be issued.

2. CASH

The School's cash includes cash held in a demand deposit account. At June 30, 2020 the carrying amount of the School's deposits were \$98,629, while the bank balances of such deposits were \$100,426. 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. All cash in the bank is held in banking institutions approved by the State of Florida, State Treasurer.

3. PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2020, the School executed a loan of \$1,196,400 under the Paycheck Protection Program ("PPP") authorized by the CARES Act that was signed into law on March 27, 2020. The loan bears interest at 1%. Six months after the effective date, principal payments are due in equal amounts over an eighteen-month period. The loan matures in April 2022. Under the Paycheck Protection Program, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent and utility costs and if employees are retained during a specified period of time. Management estimates that a portion of the loan funds will be eligible for forgiveness.

In accordance with the 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 of June 30, 2020, the loan had an outstanding balance of \$1,196,400 and it is included in the financial statements of Little Havana Campus.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

4. 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 year ended June 30, 2020, approximately \$2,200, 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 FTE student enrolled. There were 7 full time students enrolled during the fiscal year ended June 30, 2020. The School also receives other allowances based upon students enrolled.

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 approximately \$5,000 in food services as a contribution and expense during the year ended June 30, 2020.

5. INTERCOMPANY TRANSACTIONS

During the year ended June 30, 2020, the School received a contribution of approximately \$32,000 from Lincoln-Marti Charter Schools, Inc. - International Campus Charter School to supplement cash flows for its operations.

6. CURRENT VULNERABILITY DUE TO CONCENTRATION

During the year ended June 30, 2020, the School received most of its support from the School Board and contributions. 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.

7. CORONAVIRUS

Since January 2020, the coronavirus (COVID-19) outbreak has caused substantial disruption in international and U.S. economies and markets. The coronavirus and fear of further spread of the coronavirus has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated the coronavirus outbreak a pandemic. Management and the Board of Directors are evaluating the potential adverse effect this will have on their financial position, operations, and cash flows. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
State FTE revenues	\$ 166,469	\$ 166,469	\$ 44,216	\$ (122,253)
Local grants and other	-	-	11,910	11,910
Contributions	100,000	100,000	32,284	(67,716)
Total Revenues	<u>266,469</u>	<u>266,469</u>	<u>88,410</u>	<u>(178,059)</u>
EXPENDITURES				
Instruction	69,000	69,000	33,330	(35,670)
Student support services	4,000	4,000	-	(4,000)
Instruction and curriculum development services	4,000	4,000	2,641	(1,359)
Instructional staff training services	4,000	4,000	-	(4,000)
School board	500	500	8,000	7,500
School administration	39,000	39,000	10,996	(28,004)
Fiscal services	16,500	16,500	-	(16,500)
Food services	25,000	25,000	4,904	(20,096)
Central services	2,500	2,500	-	(2,500)
Student transportation services	4,000	4,000	-	(4,000)
Operation of plant	90,000	90,000	-	(90,000)
Maintenance of plant	3,000	3,000	-	(3,000)
Total Expenditures	<u>261,500</u>	<u>261,500</u>	<u>59,871</u>	<u>(201,629)</u>
Change in fund balance	4,969	4,969	28,539	23,570
Fund balances at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 4,969</u>	<u>\$ 4,969</u>	<u>\$ 28,539</u>	<u>\$ 23,570</u>

See accompanying note to budgetary comparison schedule.

LINCOLN-MARTI CHARTER SCHOOLS, INC.
CHARTER HIGH SCHOOL OF THE AMERICAS – FLORIDA CITY CAMPUS
(A Component Unit of the School Board of Miami-Dade County)

NOTE TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

1. BUDGETS AND BUDGETARY ACCOUNTING

The annual budget is 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 fiscal year-end. The original budget and any subsequent amendments are approved by the Board of Directors. For the year ended June 30, 2020, there were no amendments to the original budget.

The General Fund's actual revenues was \$88,410 for the year ended June 30, 2020. For the year ended June 30, 2020, this is below the budget estimates primarily due to less funding from state sources.

The actual expenditures of the General Fund were \$59,871 for the year ended June 30, 2020. For the year ended June 30, 2020, this is below the budget estimates primarily due to school administration, operation of plant, and instruction.

SUPPLEMENTARY AUDITOR'S REPORTS

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

To the Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas – Florida City Campus
(A Component Unit of the School Board of Miami-Dade County)

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund, of Lincoln-Marti Charter Schools, Inc. (Charter High School of the Americas – Florida City Campus) (the "School") (a Component Unit of the School Board of Miami-Dade County), 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 August 28, 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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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*.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Miami, Florida
August 28, 2020

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**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR
GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas – Florida City Campus
(A Component Unit of the School Board of Miami-Dade County)

Report on the Financial Statements

We have audited the financial statements of Lincoln-Marti Charter Schools, Inc. (Charter High School of the Americas – Florida City Campus) (the "School"), (a Component Unit of the School Board of Miami-Dade County), as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated August 28, 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 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 28, 2020, 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. (Charter High School of the Americas – Florida City Campus); 7144.

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.

To the Board of Directors and Officers of
Lincoln-Marti Charter Schools, Inc.
Charter High School of the Americas – Florida City Campus
(A Component Unit of the School Board of Miami-Dade County)
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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.



Miami, Florida
August 28, 2020