

MATER ACADEMY HIGH SCHOOL

W/L# 7160

(A charter school under  
Mater Academy, Inc.)

Financial Statements and  
Independent Auditors' Report  
June 30, 2016

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MATER ACADEMY HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
W/L# 7160

7901 NW 103<sup>rd</sup> Street  
Hialeah Gardens, FL 33016

2015-2016

Board of Directors

Roberto Blanch, Board Chair  
Shannie Sadesky, Vice Chair, Director  
Cesar Christian Crousillat, Secretary, Director  
Javier Jerez, Director  
Maurene Sotero Balmaseda, Director

School Administration

Judith Marty, Principal

Other Non-voting Corporate Officers

Antonio L. Roca, President

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Mater Academy High School  
Hialeah Gardens, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Mater Academy High School (the "School"), a charter school under Mater Academy, Inc., as of, and for the year ended June 30, 2016, which collectively comprises the School's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Mater Academy High School at June 30, 2016, 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 High School at June 30, 2016, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Mater Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of Mater Academy, Inc. as of June 30, 2016 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***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2016 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* and should be considered in assessing the results of our audit.

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 9 and 30 through 31 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.

Coral Gables, Florida  
August 29, 2016

*HUB GRANGER, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**Management's Discussion and Analysis**  
Mater Academy High School  
(A Charter School Under Mater Academy, Inc.)  
June 30, 2016

The corporate officers of Mater Academy High School have prepared this narrative overview and analysis of the school's financial activities for the fiscal year ended June 30, 2016.

**Financial Highlights**

1. The net position of the School at June 30, 2016 was \$9,702,447.
2. At year-end, the School had current assets on hand of \$2,831,874.
3. The School had an increase in its net position of \$374,794 for the year ended June 30, 2016.
4. The unassigned fund balance at year end was \$1,437,166.

**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, 2016 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 12 - 16 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 17 – 29 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was \$9,702,447 at the close of the fiscal year. A summary of the School's net position as of June 30, 2016 follows:

	2016	2015
Cash and cash equivalents	\$ 357,812	\$ 4,282,012
Investments	2,180,000	-
Prepaid expenses	226,578	252,293
Due from other agencies	67,484	78,998
Deposits receivable	30,438	30,438
Due from affiliates and other charter schools, long term	2,750,000	1,500,000
Capital Assets, net	4,601,529	3,690,566
<b>Total Assets</b>	<b>10,213,841</b>	<b>9,834,307</b>
<b>Deferred outflows of resources</b>	<b>-</b>	<b>-</b>
Salaries and wages payable	511,394	507,254
<b>Total Liabilities</b>	<b>511,394</b>	<b>507,254</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>-</b>
<b>Net Position:</b>		
Net investment in capital assets and long term receivables	7,351,529	5,190,566
Restricted by lease agreement	656,736	645,671
Unrestricted	1,694,182	3,491,416
<b>Total Net Position</b>	<b>\$ 9,702,447</b>	<b>\$ 9,327,653</b>

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2016 and 2015 follows.

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Program Revenues		
Operating Grants and Contributions	\$ 264,424	\$ 253,610
Capital Outlay Funding	977,864	1,100,446
Lunch Program	403,013	607,288
General Revenues		
Local Sources(FTE non specific)	11,441,122	10,900,856
Other Revenues	48,304	51,216
<b>Total Revenues</b>	<u>\$ 13,134,727</u>	<u>\$ 12,913,416</u>
<b>EXPENSES</b>		
Component Unit Activities:		
Instruction	\$ 6,308,844	\$ 6,377,634
Instructional staff training	65,040	53,286
Board	281,089	17,859
School administration	2,051,804	1,645,097
Facilities acquisition	262,054	155,455
Fiscal services	241,013	262,575
Food services	477,839	535,494
Central services	335,323	497,615
Pupil transportation	56,303	56,100
Operation of plant	2,458,449	2,628,193
Maintenance of plant	222,175	213,777
<b>Total Expenses</b>	<u>12,759,933</u>	<u>12,443,085</u>
Increase in Net Position	374,794	470,331
Net Position at Beginning of Year	9,327,653	8,857,322
Net Position at End of Year	<u>\$ 9,702,447</u>	<u>\$ 9,327,653</u>

The School's revenue and expenditures increased by \$221,313 and \$316,850, respectively, due to an increase in enrollment. The School had an increase in its net position of \$374,794 for the year.

### Accomplishments

In 2016, Mater Academy Charter High School completed its 14th year of operation, enrolling over 1,766 students in grades 9-12. The school earned a letter grade of "B" and was again designated as a "High Performing" high school under the State of Florida Accountability Program.



Nationally ranked as one of the “Best High Schools in America” and receiving the Gold Medal by *U.S. News and World Report*, *Newsweek Magazine* and *the Washington Post* publications, Mater Academy High School is also on *The Daily Beast’s Top 25 List* for Schools “Doing the Most with the Least.” This past year, the high school was also rated among the most equitable schools in the nation. *Education Cities* and *GreatSchools* ranked the Top 10 U.S. cities closing or reducing the Achievement Gap for economically disadvantaged students. Mater Academy High School was one of the top 10 schools in the city of Hialeah to be recognized, making Hialeah No. 1 in the nation for education equity.

This past year, Mater Academy High School students and staff were also commended for various accomplishments:

- Mater Academy High School’s graduation rate of 98% far exceeded state and national averages, particularly among Hispanic students, which comprise the majority of Mater’s student body
- Over 188 students of the Class of 2016 graduated with a GPA above 4.0
- Students graduated from Miami Dade College with their Associate in Arts a month before graduating from high school.
- More than 50% of the class 2016 is going to college with college credits already earned during their high school years.
- 92 graduates received Florida Bright Futures Scholarships, which rewards students for their academic achievements during high school, by providing funding for them to pursue postsecondary educational and career goals in Florida.
- Graduates received over \$8,000,000 in scholarships to over 97 universities and colleges throughout the state and nation including Harvard, Brown, Williams, Hamilton, Barnard, Cornell, Brandeis, Stanford, Columbia, Princeton, Mount Holyoke, John Hopkins, U Penn, UM and others.
- The Miami Herald recognized several seniors on the “All County” Teams helping Mater achieve Top “All Sports” ranking in Miami Dade County

In 2011, Mater Academy high school received the “Inspiration Award” by the CollegeBoard for being among the top three most inspiring school in America. The National Association for Secondary School Principals (NASSP) and the CollegeBoard also recognized Mater High as a “Leading Success School.” Today, the school continues to inspire as a Springboard National Demonstration School. Videos and tutorials on “Creating a College-Going Culture” posted on the school’s website are used nationwide to train administrators and counselors.

As a member of the Mater Academy network of high quality charter schools, Mater Academy High School 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 \$2,320,480. The fund balance unassigned and available for spending at the School's discretion is \$1,437,166. 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, 2016 amounts to \$4,601,529 (net of accumulated depreciation). This investment in capital assets includes building and improvements and furniture, equipment, and textbooks. The School has no outstanding debt associated to capital assets.

## Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
State capital outlay funding	\$ 507,600	\$ 978,000	\$ 977,864
Federal sources	621,077	650,000	649,414
Lunch program	-	-	18,023
General Revenues			
FTE nonspecific revenues	11,418,000	11,440,430	11,441,122
Charges and other revenues	48,000	48,000	48,304
Total Revenues	<u>\$ 12,594,677</u>	<u>\$ 13,116,430</u>	<u>\$ 13,134,727</u>
<b>CURRENT EXPENDITURES</b>			
Component Unit Activities			
Instruction	\$ 6,017,686	\$ 6,091,691	\$ 6,017,306
Instructional staff training	55,000	71,000	65,040
Board	282,000	282,000	281,089
School administration	2,056,471	2,055,000	2,051,804
Fiscal services	270,000	245,000	241,013
Food services	478,500	480,000	468,632
Central services	350,000	350,000	335,323
Pupil transportation	-	11,969	203
Operation of plant	1,977,578	2,389,754	2,370,296
Maintenance of plant	301,619	225,000	170,699
Total Current Expenditures	<u>\$ 11,788,854</u>	<u>\$ 12,201,414</u>	<u>\$ 12,001,405</u>

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

## Requests for Information

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

MATER ACADEMY HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)

Statement of Net Position  
June 30, 2016

	Governmental Activities
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 357,812
Investments	2,180,000
Prepaid expenses	226,578
Due from other agencies	67,484
	<u>2,831,874</u>
Deposits receivable, long term	30,438
Due from affiliates and other charter schools, long term	2,750,000
Capital assets, depreciable	10,522,493
Less: accumulated depreciation	<u>(5,920,964)</u>
	<u>4,601,529</u>
Total Assets	<u>10,213,841</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Salaries and wages payable	511,394
Total Liabilities	<u>511,394</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>
<b><u>Net Position</u></b>	
Net investment in capital assets and long term receivables	7,351,529
Restricted by lease agreement	656,736
Unrestricted	1,694,182
Total Net Position	<u>\$ 9,702,447</u>

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

MATER ACADEMY HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)

Statement of Activities  
For the year ended June 30, 2016

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 6,308,844	\$ -	\$ 264,424	\$ -	\$ (6,044,420)
Instructional staff training	65,040	-	-	-	(65,040)
Board	281,089	-	-	-	(281,089)
School administration	2,051,804	-	-	-	(2,051,804)
Facilities acquisition	262,054	-	-	-	(262,054)
Fiscal services	241,013	-	-	-	(241,013)
Food services	477,839	18,023	384,990	-	(74,826)
Central services	335,323	-	-	-	(335,323)
Pupil transportation	56,303	-	-	-	(56,303)
Operation of plant	2,458,449	-	-	977,864	(1,480,585)
Maintenance of plant	222,175	-	-	-	(222,175)
<b>Total governmental activities</b>	<b>12,759,933</b>	<b>18,023</b>	<b>649,414</b>	<b>977,864</b>	<b>(11,114,632)</b>
General revenues:					
FTE nonspecific revenues					11,441,122
Interest and other revenue					48,304
Change in net position					374,794
Net position , beginning					9,327,653
Net position, ending					<u>\$ 9,702,447</u>

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

MATER ACADEMY HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)

Balance Sheet - Governmental Funds  
June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 357,812	\$ -	\$ 357,812
Investments	2,180,000	-	2,180,000
Due from other agencies	-	67,484	67,484
Due from fund	67,484	-	67,484
Prepaid expenses	226,578	-	226,578
Total Assets	<u>2,831,874</u>	<u>67,484</u>	<u>2,899,358</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Liabilities</u></b>			
Salaries and wages payable	511,394	-	511,394
Due to fund	-	67,484	67,484
Total Liabilities	<u>511,394</u>	<u>67,484</u>	<u>578,878</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Fund balance</u></b>			
Nonspendable, not in spendable form	226,578	-	226,578
Restricted	656,736	-	656,736
Unassigned	1,437,166	-	1,437,166
	<u>2,320,480</u>	<u>-</u>	<u>2,320,480</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,831,874</u>	<u>\$ 67,484</u>	<u>\$ 2,899,358</u>

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

MATER ACADEMY HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
For the year ended June 30, 2016

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Total Fund Balance - Governmental Funds \$ 2,320,480

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

Capital assets of \$10,522,493 net of accumulated depreciation of \$5,920,964 used in governmental activities are not financial resources and therefore are not reported in the fund. 4,601,529

Long term receivables and deposits in governmental activities are not financial resources and therefore are not reported in the governmental funds. 2,780,438

Total Net Position - Governmental Activities \$ 9,702,447

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

MATER ACADEMY HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the year ended June 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
State capital outlay funding	\$ -	\$ 977,864	\$ 977,864
State passed through local	11,441,122	-	11,441,122
Federal sources	-	649,414	649,414
Charges for services and other revenue	48,304	18,023	66,327
Total Revenues	11,489,426	1,645,301	13,134,727
Expenditures:			
Current			
Instruction	5,752,882	264,424	6,017,306
Board	281,089	-	281,089
Instructional staff training	65,040	-	65,040
School administration	2,051,804	-	2,051,804
Facilities acquisition	7,100	-	7,100
Fiscal services	241,013	-	241,013
Food services	-	468,632	468,632
Central services	335,323	-	335,323
Pupil transportation	203	-	203
Operation of plant	1,392,432	977,864	2,370,296
Maintenance of plant	170,699	-	170,699
Capital Outlay:			
Other capital outlay	1,662,391	-	1,662,391
Total Expenditures	11,959,976	1,710,920	13,670,896
Excess (deficit) of revenues over expenditures	(470,550)	(65,619)	(536,169)
Other financing sources (uses)			
Transfers in (out)	(65,619)	65,619	-
Long term advances to affiliates, net	(1,250,000)	-	(1,250,000)
Net change in fund balance	(1,786,169)	-	(1,786,169)
Fund Balance at beginning of year	4,106,649	-	4,106,649
Fund Balance at end of year	\$ 2,320,480	\$ -	\$ 2,320,480

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



MATER ACADEMY HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2016

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Net Change in Fund Balance - Governmental Funds \$ (1,786,169)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$1,662,391 exceeded depreciation expense of \$751,428 910,963

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. This is the amount by which increase in long-term receivables of \$1,250,000 exceeded collections of \$0 in the current period. 1,250,000

Change in Net Position of Governmental Activities \$ 374,794

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

MATER ACADEMY HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)

Statement of Net Position - Fiduciary Funds  
June 30, 2016

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	Agency Funds
<b><u>Assets</u></b>	
Cash	\$ 184,687
Total Assets	<u>184,687</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>
<b><u>Liabilities</u></b>	
Due to students and clubs	184,687
Total Liabilities	<u>184,687</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>
<b><u>Net Position</u></b>	<u>\$ -</u>

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

**Note 1 – Summary of Significant Accounting Policies**

Reporting Entity

Mater Academy High School (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The School's charter is held by Mater Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Mater Academy, Inc., which is composed of five members and also governs other charter schools. The board of directors has determined that no component unit exists that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expires on June 30, 2027 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 Hialeah Gardens, Florida for students from ninth through twelfth grade. These financial statements are for the year ended June 30, 2016, when on average 1,764 students were enrolled for the school year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not included with program revenues are reported as general revenues.

**Note 1 – Summary of Significant Accounting Policies (continued)**

*Fund Financial Statements*

Fund financial statements are provided for governmental and fiduciary funds, even though the fiduciary funds are not included in the government-wide financial statements. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

*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 capital outlay funding and federal lunch program that are legally restricted to expenditures for particular purposes.

*Agency Fund* – accounts for resources of the School's Internal Fund, which is used to administer monies collected at the schools in connection with school, student athletics, 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.

Agency fund assets and liabilities are accounted for on 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, Cash Equivalents 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 investment policy; however the School invests excess deposit funds in a government money market mutual fund. The School has adopted GASB No. 72 *Fair Value Measurement and Application* (see Note 2).

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.

Due from Other Governments or Agencies

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

Inter-fund Transfers

Outstanding balances between funds are reported as “due to/from” other funds. Inter-fund transfers are made to move any excess or shortage of National School Lunch Program funds from the Special Revenue Fund to the General Fund.

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 \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Building and improvements	20-39 Years
Furniture and equipment	5 Years
Textbooks and software	3 Years

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to receive one day per month up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. Employees may “cash out” unused sick days, however, employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Revenue Sources

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

Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP.

Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

In addition, the School receives 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.

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

Net Position and Fund Balance Classification

*Government-wide financial statements*

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

- a) Net investment in capital assets and long term receivables - 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 "net investment in capital assets and long term receivables."

**Note 1 – Summary of Significant Accounting Policies (continued)**

*Fund financial statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- b) Restricted – this classification includes fund balance category amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 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 that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- 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.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Income Taxes

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

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 29, 2016, which is the date the financial statements were available to be issued.



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

**Note 2 – Cash, Cash Equivalents and Investments**

Deposits

The School maintains its cash and cash equivalents in two financial institutions. As of June 30, 2016, the School's deposits consisted of cash balances of \$343,164.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Mater Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Mater Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2016, bank balances in potential excess of FDIC coverage was approximately \$800,000; including fiduciary account bank balances.

Investments

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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, 2016, the School has the following recurring fair value measurements:

- Government money market mutual fund of \$2,180,000 (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 January 1, 2016, the fund's annual report, maturities of the fund's portfolio holdings are approximately 83% 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.

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

*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, 2016, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

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

## Note 3 –Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2016:

	Balance 07/01/15	Additions	Reclassification	Balance 06/30/16
Capital Assets, non depreciable				
Building improvements under construction	\$ 107,985	\$ -	\$ (48,994)	\$ 58,991
Capital assets, depreciable:				
Buildings and Improvements	3,688,281	887,489	48,994	4,624,764
Computer equipment and software	863,459	214,064		1,077,523
Audiovisual equipment	278,483	110,023		388,506
Furniture, equipment and textbooks	3,921,894	450,815		4,372,709
Total Capital Assets	\$ 8,860,102	\$ 1,662,391	\$ -	\$10,522,493
Less Accumulated Depreciation:				
Buildings and Improvements	(1,001,400)	(162,036)	(164,754)	(1,328,190)
Computer equipment and software	(556,851)	(106,376)	-	(663,227)
Audiovisual equipment	(194,311)	(47,859)	-	(242,170)
Furniture, equipment, and textbooks	(3,416,974)	(435,157)	164,754	(3,687,377)
	(5,169,536)	(751,428)	-	(5,920,964)
Capital Assets, net	\$ 3,690,566	\$ 910,963	\$ -	\$ 4,601,529

**Note 3 –Capital Assets (continued)**

For the fiscal year ended June 30, 2016, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	291,538
Food services		9,207
Facilities acquisition		254,954
Maintenance of plant		51,476
Pupil transportation		56,100
Operation of plant		88,153
Total Depreciation Expense	\$	<u>751,428</u>

As of June 30, 2016, the School had construction in progress for a storage facility of approximately \$285,000, with a remaining commitment of approximately \$225,000 at year end.

**Note 4 –Education Service and Support Provider**

Academica Dade, LLC, an educational service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting, and virtual education services. The agreement calls for a fee on a per student basis.

The agreement is with Mater Academy, Inc. for a period of five years, through June 30, 2016, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. An addendum was signed to extend the term of the agreement through September 30, 2016. During the year ended June 30, 2016, the School incurred \$794,475 in fees related to this agreement.

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

For 2016, the School's facility is shared with Mater Academy Middle School and Mater Performing Arts and Entertainment Academy (charter schools under Mater Academy, Inc.). Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment and usage of facilities and staff to these schools and other schools operated by Mater Academy, Inc.

The School's lunch program is shared with various schools. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements. In addition, Mater Academy Middle School and Mater Performing Arts and Entertainment Academy's student activities account is recorded in the School's books.

Mater Academy, Inc. charged all its affiliated schools an assessment for shared corporate costs and accreditation expenses. Mater Academy High School paid Mater Academy, Inc. approximately \$264,825 in connection with these charges during the year.

During 2016, the School paid approximately \$50,000 to Mater Virtual Academy, a private virtual instruction provider operated by Mater Academy, Inc., for the use of its education technology.

The School made a long-term, non-interest bearing advances to the corporate account of Mater Academy, Inc. The following schedule provides a summary of changes in long-term advances for the year ended June 30, 2016:

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Mater Academy, Inc. - Corporate account	1,500,000	\$1,250,000	\$ -	2,750,000
Total Long Term Receivables	<u>\$1,500,000</u>	<u>\$1,250,000</u>	<u>\$ -</u>	<u>\$2,750,000</u>

**Note 6 – Commitments, Contingencies, and Concentrations**

The School entered into a lease and security agreement with School Development HG II, LLC for its 122,500 square foot building including all ancillary facilities, outdoor areas and other improvements. The landlord is an affiliate of the School's educational services provider (see Note 4). This facility is shared with Mater Academy Middle School and Mater Performing Arts and Entertainment Academy (charter schools under Mater Academy, Inc.). Initial fixed annual payments under this agreement (based on \$19.50 per square foot) are approximately \$2,388,750 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through August 2024 with an option to renew for an additional five-year term. Under this agreement, the School has granted a first lien on its pledged revenues, which include all revenues collected by the school from the Florida Department of Education, the District, and all other sources.

**Note 6 – Commitments, Contingencies, and Concentrations (continued)**

With the Landlord's consent, the School completed, with its own funds, improvements to the leased premises (tenant improvements), including a 4,800 square foot one-story masonry building currently housing library facilities and a 21,860 square foot three-story masonry music and sports pavilion. The landlord has agreed that no additional fixed rent is due in connection with these tenant improvements; however the School will pay any items of additional rent affected by the tenant improvements, including utilities and insurance. Upon expiration of the existing lease and security agreement, as so long as there is no material default at such time under the lease, the Landlord will make a contribution to the School in an amount equal to the unamortized original cost of the tenant improvements, (straight-line basis, 39-year useful life commenced on the date of completion of the two improvements, respectively). Based on this understanding, the School is depreciating these particular tenant improvements using a 39-year useful life.

The School also entered into a lease agreement with Duke School Properties, LLC, as landlord, for an additional 33,600 square foot building where the School is located. The landlord is an affiliate of the School's educational services provider (see Note 4). This facility is also shared with Mater Academy Middle School and Mater Performing Arts and Entertainment Academy. Initial fixed annual payments under this agreement (based on \$23.75 per square foot) are approximately \$798,000 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through August 2026 with an option to renew for an additional five-year term.

Under both facility lease agreements, the School must meet certain requirements and covenants including maintaining a "Lease Payment Coverage Ratio" of not less than 1.10 to 1.00. In addition, the School is required under the terms of the lease agreements to maintain a reserve for property expenses such as repairs, maintenance, taxes and insurance equal to 5% of their gross revenues for the fiscal year. As of June 30, 2016, the required reserve was \$656,736, and reflected as restricted net position and fund balance.

Payments for both lease agreements are allocated among the three schools based on enrollment and usage of facility. The allocation used for 2016, was approximately 51% for the School, 39% for Mater Academy Middle School, and 10% for Mater Performing Arts and Entertainment Academy.

**Note 6 – Commitments, Contingencies, and Concentrations (continued)**

For 2016, rent expense totaled \$1,922,778. As of June 30, 2016, the School had approximately \$160,215 in prepaid rent to the landlords. Future minimum payments for both full leases (to be shared with Mater Academy Middle School and Mater Performing Arts and Entertainment Academy) are as follows:

Year	
2017	\$3,731,351
2018	\$3,731,351
2019	\$3,731,351
2020	\$3,731,351
2021	\$3,731,351
2022-2026	\$13,076,659 (total for four-year period)

Contingencies and Concentrations

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

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of up to 2% for high performing schools of the qualifying revenues of the School. For the year ended June 30, 2016, administrative fees withheld by the School District totaled \$31,189.

**Note 7 – Risk Management**

The School is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; administrative errors and omissions; personal injury; workers compensation; and natural disasters; for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

**Note 8 – Defined Contribution Retirement Plan**

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), for the 2016-2017 school year the School matched 50% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$120,234 for the year ended June 30, 2016. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by MassMutual Financial Group.

## REQUIRED SUPPLEMENTARY INFORMATION



MATER ACADEMY HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2016

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 11,418,000	\$ 11,440,430	\$ 11,441,122
Charges and other revenue	48,000	48,000	48,304
Total Revenues	11,466,000	11,488,430	11,489,426
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instruction	5,757,686	5,821,691	5,752,882
Instructional Staff Training	55,000	71,000	65,040
Board	282,000	282,000	281,089
School Administration	2,056,471	2,055,000	2,051,804
Fiscal Services	270,000	245,000	241,013
Pupil transportation	-	11,969	203
Central Services	350,000	350,000	335,323
Operation of Plant	1,469,978	1,411,754	1,392,432
Maintenance of Plant	301,619	225,000	170,699
Total Current Expenditures	10,542,754	10,473,414	10,290,485
Excess of Revenues			
Over Current Expenditures	923,246	1,015,016	1,198,941
Capital Outlay	460,000	1,578,000	1,662,391
Total Expenditures	11,002,754	12,051,414	11,952,876
Excess of Revenues Over Expenditures	463,246	(562,984)	(463,450)
<b>Other financing sources (uses):</b>			
Transfers in (out)	(117,424)	(100,000)	(65,619)
Long term advances to affiliate	-	(1,250,000)	(1,250,000)
Net change in fund balance	345,823	(1,912,984)	(1,779,069)
Fund Balance at beginning of year	4,106,649	4,106,649	4,106,649
Fund Balance at end of year	\$ 4,452,472	\$ 2,193,665	\$ 2,327,580

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 HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2016

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 507,600	\$ 978,000	\$ 977,864
Federal sources	621,077	650,000	649,414
Charges for services and other revenue	-	-	18,023
Total Revenues	<u>1,128,677</u>	<u>1,628,000</u>	<u>1,645,301</u>
EXPENDITURES			
Current:			
Instruction	260,000	270,000	264,424
Food services	478,500	480,000	468,632
Operation of Plant	507,600	978,000	977,864
Total Current Expenditures	<u>1,246,100</u>	<u>1,728,000</u>	<u>1,710,920</u>
Excess of Revenues			
Over Current Expenditures	<u>(117,424)</u>	<u>(100,000)</u>	<u>(65,619)</u>
Capital Outlay			-
Total Expenditures	<u>1,246,100</u>	<u>1,728,000</u>	<u>1,710,920</u>
Excess of Revenues Over Expenditures	(117,424)	(100,000)	(65,619)
Other financing sources (uses)			
Transfers in (out)	<u>117,424</u>	<u>100,000</u>	<u>65,619</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 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*

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Board of Directors of  
Mater Academy High School  
Hialeah Gardens, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States., the financial statements of the governmental activities and each major fund of Mater Academy High School (the "School"), as of, and for the year ended June 30, 2016, 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 29, 2016.

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 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 over financial reporting 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 of 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 issued a separate management report dated August 29, 2016 of Mater Academy High School 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  
August 29, 2016

## MANAGEMENT LETTER

Board of Directors of  
Mater Academy High School  
Hialeah Gardens, Florida

### Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Mater Academy High School as of and for the year ended June 30, 2016 and have issued our report thereon dated August 29, 2016.

### Auditor's Responsibility

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; and Chapter 10.850, Rules of the Auditor General

### Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosure in those reports, which are dated August 29, 2016, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no findings 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. The official title of the entity is Mater Academy High School.

### Financial Condition

Sections 10.854(1)(e)2, Rules of the Auditor General, requires that we report the results of our determination as to whether or not Mater Academy High School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Mater Academy High 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 Mater Academy High School. It is management's responsibility to monitor Mater Academy High 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. We have applied such procedures as of the fiscal year end and no deteriorating financial condition has been noted.

### **Transparency**

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether Mater Academy High School 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 High School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Other Matters**

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

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

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

  
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 29, 2016