

AUDITOR GENERAL

DISTRICT SCHOOL BOARD, CHARTER SCHOOL, AND SIMILAR ENTITIES, FLORIDA VIRTUAL SCHOOL, OR VIRTUAL INSTRUCTION PROGRAM PROVIDER AUDIT REPORT SUBMITTAL CHECKLIST (SECTIONS 218.39(1)(d)-(f), 1002.37(6)(d), or 1002.45(2)(a)10., FLORIDA STATUTES)

DSB/Charter School Entity Name: Mater Academy East Charter School

DSB/Charter School Entity Address: 450 SW 4th Street
Miami, FL 33130

DSB/Charter School Entity Contact Person:

Name Ana Maria Martinez
Title Chief Financial Officer
Phone Number 305-669-2906
E-Mail Address amartinez@academica.org

CPA or Other (if applicable):

Name Alexander Sueiro, CPA
Address 2121 Ponce de Leon Blvd; Suite 650 Coral Gables, FL 33134
Phone Number 305-567-0150
E-Mail Address asueiro@paast.com

Fiscal Year Audited: June 30, 2015

Date Auditor Delivered Audit Report to the DSB or Charter School Entity:
September 1, 2015

Does the audit report include the following items required by Auditor General Rules 10.806(2) or 10.856(2), as applicable:

- | | |
|------------|---|
| <u>✓</u> | Financial statements, as described in Auditor General Rules 10.805(3) and 10.855(3)-(8), as applicable, together with related notes to financial statements? |
| <u>✓</u> | Required supplementary information such as the Management's Discussion and Analysis? |
| <u>✓</u> | The auditor's report on the financial statements? |
| <u>✓</u> | The auditor's report on internal control and compliance? |
| <u>N/A</u> | If applicable, the auditor's reports and related financial information required pursuant to the Federal <i>Single Audit Act Amendments of 1996</i> , OMB Circular A-133, or other applicable Federal law? |
| <u>✓</u> | The management letter defined in Auditor General Rules 10.804(1)(f) and 10.854(1)(e), as applicable? |

✓ The written statement of explanation or rebuttal required by Auditor General Rules 10.807(1) and 10.857(2), as applicable?

N/A For district school boards that had an impact fee adopted by ordinance on their behalf, an “affidavit” signed and sworn to by the Chief Financial Officer before an officer authorized to administer oaths (e.g., notary public) stating that the ordinance complied with the requirements of Section 163.31801, Florida Statutes.

In addition to the above, have the following requirements been complied with:

✓ Are all of the above elements of the audit report included in a **single document** as required by Auditor General Rules 10.806(2) and 10.856(2), as applicable?

✓ Are **one** paper copy and **one** electronic copy of the audit report being submitted as required by Auditor General Rules 10.807(3) and 10.857(4), as applicable?

✓ Is the electronic copy named using all lower case letters as follows: [fiscal year] [name of entity].pdf. For example, the converted document for the 2014-15 fiscal year for Alachua County District School Board should be named 2015 alachua county dsb.pdf, while the converted document for the 2014-15 fiscal year for Alachua Learning Center, Inc. should be named 2015 alachua learning center.pdf. If the charter school goes by a DBA (does business as), use the DBA in the file name.

✓ Was the audit report submitted within 45 days after receipt of the audit report from the auditor, but no later than 9 months after the end of the fiscal year? **NOTE:** There are no provisions in the statutes for any extensions for filing the audit report.

This checklist should accompany the audit report. It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact this office if assistance or clarification is needed regarding reporting requirements. Our address, telephone, and fax numbers are as follows:

Auditor General
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, Florida 32399-1450

Telephone: (850) 412-2881
Fax: (850) 488-6975
Email Address: flaudgen_dsb_charter@aud.state.fl.us
Web site Address: www.myflorida.com/audgen

MATER ACADEMY EAST CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2015

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
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MATER ACADEMY EAST CHARTER SCHOOL
(A charter school under Mater Academy, Inc.)
W/L #3100

450 SW 4th Street
Miami, FL 33130

2014-2015

Board of Directors

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

School Administration

Beatriz Riera, Principial

Other Non-voting Corporate Officers

Antonio L. Roca, President

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

As management of Mater Academy East Charter School (the "School") and Mater Academy, Inc. (the "Charter Holder"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2015 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the basic financial statements starting on page 10.

Financial Highlights

- Assets exceeded liabilities at the end of the fiscal year by \$3,923,373 (net position).
- Current assets exceeded current liabilities at the end of the fiscal year by \$2,988,435.
- The change in net position for the year ended June 30, 2015 was \$499,211.
- The unassigned fund balance at the end of the fiscal year was \$2,550,111.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic 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 supplementary information in addition to the basic financial statements.

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 and liabilities, with the differences 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state and federal funding (governmental activities). Basic instruction, exceptional instruction, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the School itself. The School Board of Miami-Dade County, Florida includes the operations of the School in their operational results.

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

Fund Financial Statements A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities and objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows 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 a government'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 in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains two individual government funds. Information is presented separately in the governmental fund balance sheet and statement of revenue, expenditures and changes in fund balances. The general fund and special revenue fund are considered to be major funds. The basic governmental fund financial statements can be found on pages 12 through 16 of this report.

The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules have been provided to demonstrate compliance with this budget and can be found on pages 29 and 30 of this report.

Notes to the 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 the financial statements can be found starting on page 17 of this report.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

Government-wide Financial Analysis

As noted previously, net position serves, over time, as a useful indicator of the School's financial position. For the years ended June 30, 2015 and 2014, the School's assets exceeded liabilities by \$3,923,373 and \$3,424,162, respectively.

**Mater Academy East Charter School
Statements of Net Position**

	Governmental Activities		
	2015	2014	Variance
ASSETS			
Cash and cash equivalents	\$ 2,991,307	\$ 2,859,893	\$ 131,414
Due from other agencies	16,746	21,718	(4,972)
Prepaid expenses and other assets	185,838	329,297	(143,459)
Due from affiliates	500,000	-	500,000
Capital assets, net of depreciation	<u>434,938</u>	<u>408,902</u>	<u>26,036</u>
Total assets	<u>\$ 4,128,829</u>	<u>\$ 3,619,810</u>	<u>\$ 509,019</u>
LIABILITIES			
Current and other liabilities	<u>\$ 205,456</u>	<u>\$ 195,648</u>	<u>\$ 9,808</u>
Total liabilities	<u>\$ 205,456</u>	<u>\$ 195,648</u>	<u>\$ 9,808</u>
NET POSITION			
Investment in capital assets, net	\$ 434,938	\$ 408,902	\$ 26,036
Restricted assets	252,486	254,673	(2,187)
Unrestricted	<u>3,235,949</u>	<u>2,760,587</u>	<u>475,362</u>
Total net position	<u>\$ 3,923,373</u>	<u>\$ 3,424,162</u>	<u>\$ 499,211</u>

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

Government-wide Financial Analysis (Continued)

**Mater Academy East Charter School
Statement of Activities**

	<u>2015</u>	<u>2014</u>	<u>Variance</u>
Revenue:			
Federal through Local	\$ 432,677	\$ 442,952	\$ (10,275)
State and Local	4,516,984	4,497,420	19,564
Aftercare and lunch fees	96,057	147,794	(51,737)
Other revenue	<u>4,004</u>	<u>5,292</u>	<u>(1,288)</u>
Total Revenue	<u>5,049,722</u>	<u>5,093,458</u>	<u>(43,736)</u>
Expenses:			
Instruction	2,241,509	2,314,310	(72,801)
Instructional Staff Training	4,486	3,593	893
Board	72,800	16,797	56,003
School Administration	546,771	535,092	11,679
Facilities Acquisition and Construction	8,058	8,058	-
Fiscal Services	94,200	94,650	(450)
Food Services	278,156	232,241	45,915
Central Services	115,758	108,681	7,077
Operation of Plant	934,827	884,494	50,333
Maintenance of Plant	178,449	155,669	22,780
Community Services	<u>75,497</u>	<u>143,104</u>	<u>(67,607)</u>
Total Expenses	<u>4,550,511</u>	<u>4,496,689</u>	<u>53,822</u>
Change in net position	499,211	596,769	(97,558)
Net position at the beginning of the year	<u>3,424,162</u>	<u>2,827,393</u>	<u>596,769</u>
Net position at the end of the year	<u>\$ 3,923,373</u>	<u>\$ 3,424,162</u>	<u>\$ 499,211</u>

Financial Analysis of the Governmental Funds

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

Government 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, unassigned fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

Financial Analysis of the Governmental Funds (Continued)

The general fund is the chief operating fund of the School. At the end of the current fiscal year, the School's governmental general fund reported an ending fund balance of \$2,988,435. The fund balance unassigned and available for spending at the School's discretion is \$2,550,111. These funds will be available for the School's future ongoing operations.

Governmental Fund Budgetary Highlights

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

	Budget		Actual
	Original	Final	
Revenue			
FTE Funding	\$ 4,235,120	\$ 4,234,000	\$ 4,235,179
Charter Capital Outlay	205,000	206,000	207,523
Federal Sources	142,000	155,820	156,475
Lunch Program	276,000	274,000	276,202
Charges for services	95,000	93,000	96,057
Other Revenue	<u>69,000</u>	<u>77,000</u>	<u>78,286</u>
Gross Revenue	<u>5,022,120</u>	<u>5,039,820</u>	<u>5,049,722</u>
Expenditures:			
Instructional	2,171,000	2,161,000	2,158,010
Instruction Staff Training	5,000	5,000	4,486
Board	75,000	75,000	72,800
School Administration	560,000	550,000	543,511
Facilities Acquisition and Construction	-	-	-
Fiscal Services	95,000	94,200	94,200
Food Services	266,000	278,000	276,801
Central Services	118,000	119,200	115,758
Operation of Plant	879,000	894,184	892,540
Maintenance of Plant	173,723	175,000	171,734
Community Services	80,000	80,000	75,497
Capital Outlay:			
Other Capital Outlay	<u>175,000</u>	<u>173,750</u>	<u>171,210</u>
Total Expenditures	<u>4,597,723</u>	<u>4,605,334</u>	<u>4,576,547</u>
Excess Revenues over Expenditures	<u>\$ 424,397</u>	<u>\$ 434,486</u>	<u>\$ 473,175</u>

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year. The Final Budget was formulated on actual FTE counts and staffing levels.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

Capital Assets The School's investment in capital assets for its governmental activities as of June 30, 2015 was \$434,938, net of accumulated depreciation. This investment in capital assets includes furniture fixtures and equipment, building improvements, and computers and peripherals. Additional information on the School's capital assets can be found in Note 3 of the Financial Statements on page 24 of this report.

Accomplishments In 2015, Mater Academy East completed its 13th year of operation, serving 621 students in grades K-5. To date, the State of Florida has not released school grades for the 2014-2015 school year. Last year, the school earned a letter grade of "A" for the tenth consecutive year. Based on the points the school received under the State of Florida Accountability Program, Mater Academy East ranked as one of the highest-performing public elementary schools in Miami-Dade County.

This past year, Mater Academy East students participated in various community service projects and fundraisers with organizations such as Amigos for Kids, The American Heart Association, Publix Supermarkets, and McDonald's. Students also participated in clubs and team sports including the Chess Club, the Cooking Club (partnership with Common Threads), the Art Club, and the Book Club. Students also participated in school-based productions such as the Hispanic Heritage Festival, Holiday Show, Student Live Art Auction Event, and the End of the Year Show.

Since inception, Mater Academy East has consistently received accolades for its achievements. Most notably, Mater Academy East has been named a National Blue Ribbon School. This award honors public and private elementary, middle and high schools whose students achieve at very high levels or have made significant progress and helped close gaps in achievement especially among disadvantaged and minority students. In an effort to continue to reduce the achievement gap and assist students to excel academically, the school provides all 3rd through 5th graders with individual netbook computers.

In past years, Mater Academy East has been featured as one of the top 10 charter schools in the State of Florida, and has received statewide recognition from the United Way Campaign for its fundraising efforts. The school's facilities have also been recognized nationally for exceptional design in *American School and University Magazine*, where a picture of the school appeared on the cover.

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

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 Maria Martinez at Academica Dade, LLC, 6340 Sunset Drive, Miami, FL 33143.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mater Academy East Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Mater Academy East Charter School (the "School"), a charter school under Mater Academy, Inc., as of, and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 of 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 evaluation of 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.

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 East Charter School as of June 30, 2015, 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 East Charter School as of June 30, 2015, 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, 2015 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 29 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2015, 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.

PAAST, P.L.

Coral Gables, Florida
August 29, 2015

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,991,307
Due from other agencies	16,746
Prepaid expenses	78,538
Other assets	<u>107,300</u>
Total current assets	<u>3,193,891</u>

Noncurrent assets:

Due from affiliates	500,000
Capital assets, depreciable	1,515,032
Less: accumulated depreciation	<u>(1,080,094)</u>
Capital assets, net of depreciation	<u>434,938</u>

TOTAL ASSETS \$ 4,128,829

LIABILITIES AND NET POSITION

Current liabilities:

Accounts payable and accrued expenses	<u>\$ 205,456</u>
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TOTAL LIABILITIES 205,456

Net Position:

Investment in capital assets, net of related debt	434,938
Restricted per lease agreement	252,486
Unrestricted	<u>3,235,949</u>
Total net position	<u>3,923,373</u>

TOTAL LIABILITIES AND NET POSITION \$ 4,128,829

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

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 2,241,509	\$ -	\$ 156,475	\$ -	\$ (2,085,034)
Instructional Staff Training	4,486	-	-	-	(4,486)
Board	72,800	-	-	-	(72,800)
School Administration	546,771	-	-	-	(546,771)
Facilities Acquisition and Construction	8,058	-	-	-	(8,058)
Fiscal Services	94,200	-	-	-	(94,200)
Food Services	278,156	13,447	276,202	-	11,493
Central Services	115,758	-	-	-	(115,758)
Operation of Plant	934,827	-	-	207,523	(727,304)
Maintenance of Plant	178,449	-	-	-	(178,449)
Community Services	75,497	82,610	-	-	7,113
Total Governmental activities	<u>\$ 4,550,511</u>	<u>\$ 96,057</u>	<u>\$ 432,677</u>	<u>\$ 207,523</u>	<u>(3,814,254)</u>
General revenue:					
State passed through local school district					4,309,461
Other revenue					4,004
					<u>4,313,465</u>
Change in net position					499,211
Net position, beginning					<u>3,424,162</u>
Net position, ending					<u>\$ 3,923,373</u>

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

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,991,307	\$ -	\$ 2,991,307
Due from other agencies	-	16,746	16,746
Due from other fund	16,746	-	16,746
Prepaid expenses	78,538	-	78,538
Other assets	<u>107,300</u>	<u>-</u>	<u>107,300</u>
 TOTAL ASSETS	 <u>\$ 3,193,891</u>	 <u>\$ 16,746</u>	 <u>\$ 3,210,637</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 205,456	\$ -	\$ 205,456
Due to other fund	<u>-</u>	<u>16,746</u>	<u>16,746</u>
 TOTAL LIABILITIES	 <u>205,456</u>	 <u>16,746</u>	 <u>222,202</u>
FUND BALANCES			
Non-spendable, not in spendable form	185,838	-	185,838
Restricted	252,486	-	252,486
Unassigned	<u>2,550,111</u>	<u>-</u>	<u>2,550,111</u>
 TOTAL FUND BALANCES	 <u>2,988,435</u>	 <u>-</u>	 <u>2,988,435</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 3,193,891</u>	 <u>\$ 16,746</u>	 <u>\$ 3,210,637</u>

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

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

Total Fund Balance - Governmental Funds \$ 2,988,435

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

Capital assets of \$1,515,032 (net of accumulated depreciation of \$1,080,094) used in governmental activities are not financial resources and therefore are not reported in governmental funds. 434,938

Long-term receivables from related parties in governmental activities are not financial resources and, therefore, are not are not reported in governmental funds. 500,000

Total Net Position - Governmental Activities \$ 3,923,373

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

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Federal passed through local school district	\$ -	\$ 432,677	\$ 432,677
State passed through local school district	4,309,461	207,523	4,516,984
Aftercare and lunch fees	82,610	13,447	96,057
Other revenue	4,004	-	4,004
Total Revenue	<u>4,396,075</u>	<u>653,647</u>	<u>5,049,722</u>
Expenditures			
Instruction	\$ 1,994,117	163,893	2,158,010
Instructional Staff Training	4,486	-	4,486
Board	72,800	-	72,800
School Administration	543,511	-	543,511
Facilities Acquisition and Construction	-	-	-
Fiscal Services	94,200	-	94,200
Food Services	-	276,801	276,801
Central Services	115,758	-	115,758
Operation of Plant	685,017	207,523	892,540
Maintenance of Plant	171,734	-	171,734
Community Services	75,497	-	75,497
Capital Outlay:			
Other Capital Outlay	<u>171,210</u>	<u>-</u>	<u>171,210</u>
Total Expenditures	<u>3,928,330</u>	<u>648,217</u>	<u>4,576,547</u>
Excess of Revenue over Expenditures	467,745	5,430	473,175
Other Financing (Uses)			
Transfers in and (out)	5,430	(5,430)	-
Long-term advances to affiliates, net	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
Change in fund balance	(26,825)	-	(26,825)
Fund balance at the beginning of the year	<u>3,015,260</u>	<u>-</u>	<u>3,015,260</u>
Fund balance at the end of the year	<u>\$ 2,988,435</u>	<u>\$ -</u>	<u>\$ 2,988,435</u>

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

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds \$ (26,825)

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

Governmental funds report fixed capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$171,210 differed from depreciation expense of \$145,174. 26,036

Increases 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 increases in long-term receivables of \$500,000 exceeded collections of \$0 in the current period. 500,000

Change in net position of governmental activities \$ 499,211

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

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
AS OF JUNE 30, 2015

	<u>Agency Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>2,555</u>
TOTAL ASSETS	\$ <u><u>2,555</u></u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Due to students and clubs	\$ <u>2,555</u>
TOTAL LIABILITIES	\$ <u><u>2,555</u></u>
NET POSITION	\$ <u><u>-</u></u>

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

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Mater Academy East Charter School (the "School") is a charter school under Mater Academy, Inc., a Florida Not-For-Profit Corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the School Board of Miami-Dade County, Florida (the "District"). The school provides educational services to students in grades kindergarten through fifth. The Governing Board of the school is the Board of Directors of Mater Academy, Inc., which also governs various other charter Schools.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The current Charter Contract (the "Contract") with the District is effective until June 30, 2027 and may be renewed by mutual agreement between the School and the District. At the end of the Contract term, the District may choose not to renew the charter under grounds specified in the Contract, in which case the District is required to give the School written notice ninety (90) days prior to the Contract's expiration. During the term of the Contract, the District may terminate the Contract for non-compliance. The School is located at 450 SW 4th Street in Miami, Florida 33130.

Government-wide and fund financial statements

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*. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures and other financial sources and uses.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. Deferred outflows of resources represent consumption of resources that is applicable to future reporting periods that will be reported in a separate section after assets. Deferred inflows of resources represent acquisition of resources that is applicable to future reporting periods that will be reported in a separate section after liabilities.

GASB Statement No. 65, *Items previously reported as assets and liabilities*, establishes accounting and financial reporting standards that reclassify as deferred outflows of resources of deferred inflows of resources, certain items that were previously reported as assets and liabilities.

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and fund financial statements (Continued)

Net position, the difference between total assets and total liabilities, as reported on the statement of net position, are subdivided into three categories: amounts invested in capital assets; restricted; and unrestricted. Components of net position are reported as restricted when constraints are imposed on the use of the amounts either internally by the School's Governing Board or externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct expenses and program revenue for each function or program of the School's governmental activities. Direct expenses are those that are clearly identifiable to a specific function. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds, which are reported in separate columns on the fund financial statements. Two of the School's funds are deemed to be major. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

Measurement focus, basis of accounting and financial statement presentation

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.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting and financial statement presentation (Continued)

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenue, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used 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. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state or other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as an expenditure only when payment is due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund – this is the operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – this fund accounts for all resources used by the School to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

Agency Fund – this fund accounts for all resources used by the School's Internal Fund, which is used to administer monies collected at the school in connection with school, student athletics, and club activities.

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.

Cash and cash equivalents

The School considers all highly liquid investments with a maturity of three months or less, at date of purchase, to be cash equivalents. All deposits are held in major banks and high grade investments. The School has not adopted a formal investment policy; however, the School invests excess deposit funds in collateralized repurchase agreements. All deposits and investments in repurchase agreements are carried at cost plus accrued interest.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due from other agencies

Due from other agencies in the accompanying financial statement represent balances due from the Florida Department of Education for Charter School Capital Outlay. The School's management considers 100% of accounts receivable to be collectible. Accordingly, no allowance for doubtful accounts has been established.

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 and school administration). Revisions to the annual budget are approved by the Board.

Capital assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements at historical cost. Capital assets are defined by the School as assets with an initial combined cost of more than \$500 and an estimated useful life of more than one year. Building improvements, additions, and other capital outlays that significantly extend the life of an asset are capitalized. Donated capital assets are recorded at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed as incurred.

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

<u>Asset Class</u>	<u>Estimated Useful Lives in Years</u>
Building and improvements	5 – 20
Furniture, equipment, and textbooks	3 – 5
Computer equipment	3 – 5

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications reflect the nature of the funds and the level of restriction placed upon the fund balance.

The Statement requires fund balance amounts to be properly reported within the following balance categories: Non-spendable, Restricted, Committed, Assigned and Unassigned.

- *Non-spendable* – fund balance amounts associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). All non-spendable fund balances at year end relate to assets not in spendable form.
- *Restricted* – fund balance amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted fund balance of the School relate to reserves required by the landlord for property maintenance and repairs.
- *Committed* – fund balance 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.
- *Assigned* – fund balance amounts that are intended to be used by the School 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.
- *Unassigned* – fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in other classifications.

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 a negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes exceed the positive fund balance for the non-general fund.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue sources

Revenues for current operations are received primarily from the State of Florida through the District pursuant to the funding provisions included in the School's Contract. In accordance with the funding provisions of the School's Contract and Section 1002.33(17), Florida Statutes, the School reports the number of Full Time Equivalent ("FTE") students and related student information to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related student information to the Florida Department of Education (the "FDOE") for funding through the Florida Education Finance Program ("FEFP"). Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the FEFP and actual FTE students reported by the School. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under Charter School Capital Outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based upon a capital outlay plan submitted to the District and are to be used for lease, rent, or construction of School facilities.

The School also receives federal awards for the enhancement of various educational programs. This assistance is 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 reported as deferred revenues until expended.

The School may generate other revenue from various fundraising activities and certain other programs.

Income taxes

Mater Academy, Inc. is exempt from income taxes, under Section 501(c)3 of the Internal Revenue Code of 1954 (as amended) under the classification of other than a private foundation; accordingly, the financial statements reflect no provision for income taxes.

Compensated absences

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

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated absences (Continued)

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 the 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.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those reported.

Management Review of Subsequent Events

In accordance with GASB Codification Section 2250.106, Management has evaluated subsequent events through August 29, 2015, the date when the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Deposits – The School maintains its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2015, the School's bank balances included \$3,190,000 that was fully collateralized under a repurchase agreement with Regions Bank (the "Bank").

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.

Investments and credit risk - Custodial credit risk for deposits is the risk that in the event of a failure of a depository institution, 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 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, 2015, all of the School's investments in repurchase agreements were held as part of the Bank's portfolio.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2 – CONCENTRATIONS OF CREDIT RISK (CONTINUED)

The School has not formally approved an investment policy regarding custodial credit risk; however, it mitigates its credit risk by maintaining excess funds available in overnight repurchase agreements. Amounts invested in repurchase agreements are secured obligations collateralized by securities that include: non-callable U.S. Government and Agency Securities; Callable and Structured Agency Securities; Agency Mortgage-Backed Securities guaranteed by a federal agency, Bonds issued by government sponsored agencies, Freddie Mac and Fannie Mae. Amounts invested in repurchase agreements are not insured by the FDIC and are subject to investment risks, including possible loss of principal invested, and if the bank fails, the School will become a secured creditor and may become an unsecured general creditor to the extent the market value of the securities used as collateral falls below the outstanding amount of repurchase obligations to the School.

NOTE 3 - CAPITAL ASSETS

Changes in capital assets consist of the following:

	Balance at July 1, 2014	Additions	Disposals	Balance at June 30, 2015
Capital assets:				
Computer equipment	\$ 299,012	\$ 13,394	\$ -	\$ 312,406
Building improvements	433,239	52,224	-	485,463
Furniture, equipment and textbooks	<u>611,571</u>	<u>105,592</u>	<u>-</u>	<u>717,163</u>
Total capital assets	<u>1,343,822</u>	<u>171,210</u>	<u>-</u>	<u>1,515,032</u>
Less accumulated depreciation:				
Computer equipment	(198,293)	(37,414)	-	(235,707)
Building improvements	(219,619)	(51,494)	-	(271,113)
Furniture, equipment and textbooks	<u>(517,008)</u>	<u>(56,266)</u>	<u>-</u>	<u>(573,274)</u>
Total accumulated depreciation	<u>(934,920)</u>	<u>(145,174)</u>	<u>-</u>	<u>(1,080,094)</u>
Total governmental activities capital assets, net	<u>\$ 408,902</u>	<u>\$ 26,036</u>	<u>\$ -</u>	<u>\$ 434,938</u>

Depreciation expense for the period ended June 30, 2015 was \$145,174 and is allocated in the Statement of Activities as follows:

Instruction	\$ 83,499
School Administration	3,260
Facilities Acquisition and Construction	8,058
Food Services	1,355
Operation of Plant	42,287
Maintenance of Plant	<u>6,715</u>
Total Depreciation Expense	<u>\$ 145,174</u>

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4 – TRANSACTIONS WITH OTHER DIVISIONS OF MATER ACADEMY INC.

Mater Academy, Inc. charges all its affiliated schools an assessment fee for shared corporate costs and accreditation expenses. Mater Academy East Charter School paid Mater Academy, Inc. \$62,800 in connection with these charges during the year.

Pursuant to the Charter School contract with the District, the district withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2015, administrative fees withheld by the School District totaled approximately \$34,000.

The School also advances or receives monies from Mater Academy, Inc. from time to time. Included in due from related affiliates at June 30, 2015 is a \$500,000 non-interest bearing advance. The advance is due within three years and is secured by Mater Academy, Inc.'s assets.

NOTE 5 – EDUCATION SERVICE AND SUPPORT PROVIDER

Academica Dade, LLC, an education service and support provider, offers management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting and virtual education services. The agreement between the School and Academica Dade, LLC 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. During the year ended June 30, 2015, the School incurred approximately \$283,000 in management fees.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The School entered into a lease security agreement (the "Lease") with School Development East, LLC for 17,500 square feet including all ancillary facilities, outdoor areas, and other improvements. Presently, members of the landlord entity are also stockholders of the entity which is the sole owner of Academica Dade, LLC, the school's management company (Note 5). Fixed initial annual payments under this agreement are approximately \$420,000 (based on \$24 per square foot) adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance, and insurance. As of June 30, 2015, the required reserve was \$252,486, reflected as the restricted component of net position and fund balance. The agreement continues through August 1, 2024 with option to renew for an additional five-year term.

Under the agreement, the School must meet certain requirements and covenants including maintaining a "Lease Payment Coverage Ratio" of not less than 1.10 to 1.00 and maintaining a reserve of at least 5% of gross revenues for property expenses such as repairs, maintenance, taxes and insurance. Finally, under the 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.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 6 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Future commitments under the lease are approximately as follows:

<u>School Year</u>	<u>Future Commitments</u>
2015-2016	\$ 545,000
2016-2017	545,000
2017-2018	545,000
2018-2019	545,000
2019-2020	545,000
Thereafter	<u>2,247,000</u>
Total	<u>\$ 4,972,000</u>

Total rent expense for the year ended June 30, 2015 was approximately \$544,000, of which approximately \$540,000 related to the facility lease. As of June 30, 2015, the School had approximately \$45,000 in prepaid rent.

Contingencies

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

NOTE 7 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; general liabilities; and natural disasters for which the School carries commercial liability insurance. There have been no claims against the policy during the fiscal year ended June 30, 2015.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 8 – DEFINED CONTRIBUTION PLAN

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the school provides a match of 50% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan approximately \$17,000 for the year ended June 30, 2015. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by MassMutual Financial Group.

NOTE 9 – SUBSEQUENT EVENT

Effective July 1, 2015, the School moved to utilizing a government money market mutual fund as an investment vehicle for its excess deposit funds. A government money market mutual fund invests exclusively in obligations issued or guaranteed by the U.S. government and its agencies and instrumentalities and in repurchase agreements collateralized by such securities. All balances held under the repurchase agreement as of June 30, 2015 have been moved to this new vehicle.

Required Supplemental Information

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET VS. ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget		Actual	Final Variance
	Original	Final		
Revenue:				
State passed through local school district	\$ 4,307,120	\$ 4,309,000	\$ 4,309,461	\$ 461
Aftercare and lunch fees	80,000	80,000	82,610	2,610
Other revenue	-	-	4,004	4,004
Gross Revenue	<u>4,387,120</u>	<u>4,389,000</u>	<u>4,396,075</u>	<u>7,075</u>
Expenditures:				
Instruction	2,011,000	1,996,000	1,994,117	1,883
Instructional Staff Training	5,000	5,000	4,486	514
Board	75,000	75,000	72,800	2,200
School Administration	560,000	550,000	543,511	6,489
Facilities Acquisition and Construction	-	-	-	-
Fiscal Services	95,000	94,200	94,200	-
Food Services	-	-	-	-
Central Services	118,000	119,200	115,758	3,442
Operation of Plant	670,000	686,364	685,017	1,347
Maintenance of Plant	173,723	175,000	171,734	3,266
Community Services	80,000	80,000	75,497	4,503
Capital Outlay:				
Other Capital Outlay	<u>175,000</u>	<u>173,750</u>	<u>171,210</u>	<u>2,540</u>
Total Expenditures	<u>3,962,723</u>	<u>3,954,514</u>	<u>3,928,330</u>	<u>26,184</u>
Excess of Revenue over Expenditures	424,397	434,486	467,745	33,259
<i>Other Financing Sources</i>				
Transfers in and (out)	-	-	5,430	5,430
Long-term advances to affiliates, net	-	(500,000)	(500,000)	-
Change in Fund Balance	424,397	(65,514)	(26,825)	38,689
Fund balance at the beginning of the year	<u>3,015,260</u>	<u>3,015,260</u>	<u>3,015,260</u>	<u>-</u>
Fund balance at the end of the year	<u>\$ 3,439,657</u>	<u>\$ 2,949,746</u>	<u>\$ 2,988,435</u>	<u>\$ 38,689</u>

See accompanying notes to required supplemental information.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET VS. ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget			Final
	Original	Final	Actual	Variance
Revenue:				
Federal passed through local school district	\$ 428,000	\$ 430,000	\$ 432,677	\$ 2,677
State passed through local school district	192,000	207,820	207,523	(297)
Aftercare and lunch fees	15,000	13,000	13,447	447
Gross Revenue	635,000	650,820	653,647	2,827
Expenditures:				
Instruction	160,000	165,000	163,893	1,107
Instructional Staff Training	-	-	-	-
Board	-	-	-	-
School Administration	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
Fiscal Services	-	-	-	-
Food Services	266,000	278,000	276,801	1,199
Central Services	-	-	-	-
Operation of Plant	209,000	207,820	207,523	297
Maintenance of Plant	-	-	-	-
Community Services	-	-	-	-
Capital Outlay:				
Other Capital Outlay	-	-	-	-
Total Expenditures	635,000	650,820	648,217	2,603
Excess of Revenue over Expenditures	-	-	5,430	5,430
<i>Other Financing Sources</i>				
Transfers in and (out)	-	-	(5,430)	(5,430)
Long-term advances to affiliates, net	-	-	-	-
Change in Fund Balance	-	-	-	-
Fund balance at the beginning of the year	-	-	-	-
Fund balance at the end of the year	\$ -	\$ -	\$ -	\$ -

See accompanying notes to required supplemental information.

MATER ACADEMY EAST CHARTER SCHOOL
(A CHARTER SCHOOL UNDER MATER ACADEMY, INC.)
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1 - BUDGETARY INFORMATION

Basis of accounting

The School's annual budgets are adopted for the entire operation at the combined governmental level and may be amended by the Board. Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major fund for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is at the fund level.



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

To the Board of Directors of Mater Academy East Charter School
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Mater Academy East Charter School (the "School"), as of and for the year ended June 30, 2015, 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, 2015.

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 *Governmental Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PAAST, P.L.

Coral Gables, Florida
August 29, 2015



MANAGEMENT LETTER

To the Board of Directors of Mater Academy East Charter School

Report on the Financial Statements

We have audited the financial statements of the Mater Academy East Charter School (the "School"), Florida, as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated August 29, 2015.

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.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 29, 2015, 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 recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the school.

- The official title of the school is Mater Academy East Charter School.

Financial Condition

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 charter 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 the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition

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 charter school. It is management's responsibility to monitor the charter 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 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 the charter school maintains on its Web site information specified in Section 1002.33(9)(p), Florida Statutes.

- In connection with our audit, we determined that the 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 the Florida House of Representatives, the Florida Auditor General, 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.

PAAST, P.L.

Certified Public Accountants
Coral Gables Florida
August 29, 2015