



Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools

Alberto M. Carvalho

Chief Auditor

José F. Montes de Oca, CPA

Miami-Dade County School Board

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May 5, 2015

The Honorable Chair and Members of the School Board of Miami-Dade County, Florida
Members of the School Board Audit and Budget Advisory Committee (ABAC)
Mr. Alberto M. Carvalho, Superintendent of Schools

**SUBJECT: FISCAL YEAR 2013-2014 AUDITED FINANCIAL STATEMENTS FOR 25
OF THE 126 CHARTER SCHOOLS IN OPERATION AT YEAR-END**

Ladies and Gentlemen:

We are in the process of reviewing the June 30, 2014 financial statement audits of the 126 M-DCPS sponsored charter schools in operation as of year-end. The review of said audits is one of the primary mechanisms used by the District for fiscal oversight of its charter schools pursuant to **section 1002.33, Florida Statutes**. This process includes reviewing year-end financial statements and associated documents for charter schools that have been audited by their own contracted external audit firms. During these reviews our office corresponds, when necessary, with the schools' management and external auditors to better understand or clarify any germane fiscal issues. Our work product herein is considered a non-audit service according to Government Auditing Standards.

For purposes of the May 12, 2015, ABAC meeting, we are presenting to you the audited financial statements for the following 25 charter schools, which are all under the legal entity, Mater Academy, Inc. We had presented 89 charter school financial statement audits at the December 2014, January 2015 and March 2015 ABAC meetings and plan to present the remaining twelve at the July 2015 ABAC meeting.

Based on their external audits, 22 Mater or SLAM schools presented herein are free of significant fiscal concerns. We have some concerns which are pending clarification and guidance from the Florida Department of Education for three Mater schools as outlined below.

TWENTY-TWO CHARTER SCHOOLS WHICH ARE FREE OF SIGNIFICANT FISCAL CONCERNS

- iMater Academy
- iMater Academy Middle School
- iMater Preparatory Academy High School
- Mater Academy at Mount Sinai
- Mater Academy East Charter High School
- Mater Academy East Charter Middle School
- Mater Academy East Charter School
- Mater Academy High School
- Mater Academy High School (Miami Beach)
- Mater Academy High School of International Studies
- Mater Academy Lakes High School
- Mater Academy Lakes Middle School
- Mater Academy (Miami Beach)
- Mater Academy Middle School of International Studies
- Mater Academy of International Studies
- Mater Academy Virtual Middle High
- Mater Brickell Preparatory Elementary
- Mater Gardens Academy
- Mater Gardens Academy Middle School
- Mater Grove Academy
- Sports Leadership and Management Academy
- Sports Leadership and Management (SLAM) Charter Middle School

THREE CHARTER SCHOOLS WITH CONCERNS PENDING CLARIFICATION AND GUIDANCE FROM THE FLORIDA DEPARTMENT OF EDUCATION

- Mater Academy
- Mater Academy Middle School
- Mater Performing Arts & Entertainment Academy

In our review of the aforementioned certified financial statements, we noted that \$2,987,000 had been transferred from the three above schools to Mater Academy, Inc. (Corporate Account) as long-term, non-interest advances as follows:

Sponsored Charter School	Amount of Transfer to Corporate Account
Mater Academy	\$1,512,000
Mater Academy Middle School	540,000
Mater Performing Arts and Entertainment Academy	935,000
Total	\$2,987,000

FISCAL YEAR 2013-2014 AUDITED FINANCIAL STATEMENTS FOR 25 OF THE 126 CHARTER SCHOOLS IN OPERATION AT YEAR-END

May 5, 2015

Page 3 of 3

The schools' Governing Board accommodated our request to satisfy our audit function requirement of transparency, and determining where those funds were ultimately expended, by providing us with Special Purpose Schedules and Auditor's Report dated April 16, 2015. According to said report, the monies were further advanced and expended as follows:

Funds Used on Behalf Of:	Amount	Funds Used For:
iMater Academy	\$1,080,000	Prepaid rent
Sports Leadership Charter Middle School	1,100,809	Capital expenditures
	496,191	Operating expenses
Mater Academy, Inc./ Corporate Account	310,000 ¹	Bank sweep/checking account
Total	\$2,987,000	

As previously communicated, we are not clear as to the propriety or legality of a charter school transferring FEFP funding to a "corporate account" and/or another charter school governed by the same legal entity when no goods, services or deliverables are provided in exchange by the receiving school (or entity). We have requested clarification and guidance on this matter from the Florida Department of Education, and are awaiting an official response.

The full audited financial statements for the above referenced 25 charter schools can be found at http://mca.dadeschools.net/CBO_Charter_1415.asp.

Sincerely,



José F. Montes de Oca, CPA
Chief Auditor

JFM:em
L069

cc: Mr. Walter J. Harvey
Mr. Jose L. Dotres
Mrs. Valtena G. Brown
Mrs. Judith M. Marte
Ms. Iraida R. Mendez-Cartaya
Ms. Tiffanie A. Pauline
Mr. Julio C. Miranda
Ms. Melinda McNichols
Mr. Jon Goodman

¹ This amount remained in a bank account in the name of Mater Academy, Inc. Corporate Account as of June 30, 2014.