Mater Gardens Academy
(A Charter School and Component Unit
of the School Board of Miami Dade County, Florida)

Miami, Florida

Financial Statements And
Independent Auditors' Report

June 30, 2013

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Mater Gardens Academy
(A charter school under Mater Academy, Inc.)
WL# 0312

Site:
9010 NW 178 Lane
Miami, FL 33018

Also approved at:
17300 NW 87th Ave.
Miami, FL 33015

2012-2013

Board of Directors

Roberto Blanch, Chairman
Shannie Sadesky, Vice Chair
Cesar Christian Crousillat, Secretary
Juan Garcia

School Administration

Lourdes Marrero, Principal

Other Non-voting Corporate Officers

Antonio L. Roca, President

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mater Gardens Academy
Miami, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Mater Gardens Academy (the "School"), a charter school under Mater Academy, Inc., which is a component unit of the District School Board of Miami-Dade County, as of, and for the year ended June 30, 2013, 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 Gardens Academy at June 30, 2013, 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 Gardens Academy at June 30, 2013, 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, 2013 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 30, 2013, 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 8 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.

HCB Grevien, LLP

Coral Gables, Florida
August 30, 2013

CERTIFIED PUBLIC ACCOUNTANTS

Management's Discussion and Analysis
Mater Gardens Academy
(A charter school under Mater Academy, Inc.)
June 30, 2013

The corporate officers of Mater Gardens Academy have prepared this narrative overview and analysis of the school's financial activities for the fiscal ended June 30, 2013.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2013 by $860,298 (net assets).
2. At year-end, the School had current assets on hand of $593,321.
3. The net assets of the School increased by $ 146,873 during the year.
4. The unassigned fund balance at year end was $23,415.

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, 2013 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 Assets* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net assets*. Over time increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

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

All of the funds of the School are governmental funds. *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 11 - 15 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 16 - 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by $860,298 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2013 follows:

	2013	2012
Cash	$ 259,985	$ 421,036
Due from other governmental agencies	7,168	-
Due from other schools	148,980	1,622
Prepaid expenses	151,111	114,924
Deposits receivable	26,077	26,077
Capital assets	431,884	464,982
Total Assets	$ 1,025,205	$ 1,028,641
Accounts payable and accrued liabilities	164,907	315,216
Due to other schools	-	-
Total Liabilities	$ 164,907	$ 315,216
Invested in capital Assets, net	$ 431,884	$ 464,982
Restricted	227,811	-
Unrestricted	200,603	248,443
Total Net Assets	$ 860,298	$ 713,425

At the end of the fiscal year, the School is able to report continued positive balances in the categories of net assets with a net increase for the year. The same situation held true for the prior fiscal year.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2013 and 2012 follows.

	2013	2012
REVENUES		
Program Revenues		
Capital outlay	$ 196,086	$ 221,269
Federal sources	17,816	77,622
Lunch program	254,265	201,879
Charges for services	330,130	474,205
General Revenues		
Government Grants Not Restricted to Specific Programs	3,755,684	3,218,918
Other	2,234	3,224
Total Revenues	$ 4,556,215	$ 4,197,117
EXPENSES		
Component Unit Activities:		
Instruction	$ 1,968,026	$ 1,853,553
Instructional staff training services	3,029	5,441
Board	15,896	28,115
School administration	519,012	433,822
Facilities acquisition	6,335	3,150
Fiscal services	92,700	82,125
Central services	103,012	84,773
Food services	275,949	224,487
Community services	111,133	232,870
Maintenance of plant	112,249	96,043
Operation of plant	1,202,001	1,125,579
Total Expenses	4,409,342	4,169,961
Increase in Net Assets	146,873	27,156
Net Assets at Beginning of Year	713,425	686,269
Net Assets at End of Year	$ 860,298	$ 713,425

The School's revenue and expenditures increased by $359,098 and $239,381, respectively, due to an increase in enrollment. The School had an increase in its net assets of $146,873 for the year.

Accomplishments

In 2013, Mater Gardens Academy completed its seventh year of operation, serving over 600 students in grades K-5. The School earned a letter grade of "A" and received a "School Recognition Award" from the Florida Department of Education. Based on the points the school received under the State of Florida Accountability Program, Mater Gardens Academy ranked among the top 10 public elementary school in all of Miami-Dade County.

Throughout the year, Mater Gardens students participated in and received notable recognition for academics, extracurricular activities and community service projects:

- Students raised funds equal to double their pledge for the U-MATER Campaign.

- Members of the Student Council and National Honor Society held a Food Drive during Thanksgiving and a Toy Drive during Christmas to benefit the more needy members of the community.
- The Book Fair raised funds to buy books for the Student Library .
- Students celebrated the Hispanic Heritage Festival, where all Hispanic countries were represented in the classrooms, which were toured by the students and parents.

The mission of Mater Gardens Academy is to provide students with the skills, strategies, technology, and resources that will enable them to further their education and make a positive difference in their community. As part of the Mater Academy network of high-performing charter schools, Mater Gardens Elementary is one of only a few public elementary schools in Miami-Dade County that is accredited by AdvancEd (formerly the Southern Association of Colleges and Schools).

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. 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 $428,414. The fund balance unassigned and available for spending at the School's discretion is $23,415. 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, 2013 amounts to $431,884 (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 Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital Outlay Funding	$ 141,372	$ 196,000	$ 196,086
Federal Sources	17,650	18,000	17,816
Lunch program	271,000	250,000	254,265
Charges for services	256,000	301,600	332,364
General Revenues			
FTE Nonspecific Revenues	3,586,320	3,702,160	3,755,684
Other Revenues	-	-	-
Total Revenues	$ 4,272,342	$ 4,467,760	$ 4,556,215
CURRENT EXPENDITURES			
Instruction	$ 1,860,000	$ 1,950,000	$ 1,879,823
Instructional staff training services	8,000	8,000	3,029
Board	20,000	20,000	15,896
School administration	510,000	550,000	518,675
Fiscal services	105,000	105,000	92,700
Food services	271,000	265,000	265,236
Central services	105,000	105,000	103,012
Operation of plant	1,121,282	1,216,000	1,197,857
Maintenance of plant	40,000	60,000	57,367
Community Services	232,000	150,000	111,133
Total Current Expenditures	$ 4,272,282	$ 4,429,000	$ 4,244,728

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 Gardens Academy
(A charter school under Mater Academy, Inc.)

Statement of Net Assets
June 30, 2013

Assets

Current Assets:	
Cash and cash equivalents	$ 259,985
Due from other charter schools	148,980
Due from other government agencies	7,168
Prepaid expenses	151,111
Deposits receivable	26,077
	593,321
Capital assets, depreciable	1,126,564
Less accumulated depreciation	(694,680)
	431,884
Total Assets	$ 1,025,205

Liabilities and Net Assets

Current Liabilities:	
Accrued payroll liabilities	$ 164,907
Total Liabilities	164,907
Net Assets:	
Invested in capital assets, net of related debt	431,884
Restricted	227,811
Unrestricted	200,603
Total Net Assets	860,298
Total Liabilities and Net Assets	$ 1,025,205

The accompanying notes are an integral part of this financial statement

Mater Gardens Academy
(A charter school under Mater Academy, Inc.)

Statement of Activities
For the year ended June 30, 2013

FUNCTIONS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:					
Instruction	$ 1,968,026	$191,575	$ 17,816	$ -	$ (1,758,635)
Instructional staff training services	3,029	-	-	-	(3,029)
Board	15,896	-	-	-	(15,896)
School administration	519,012	-	-	-	(519,012)
Facilities acquisition and construction	6,335	-	-	-	(6,335)
Fiscal services	92,700	-	-	-	(92,700)
Food services	275,949	37,835	216,430	-	(21,684)
Central services	103,012	-	-	-	(103,012)
Maintenance of plant	112,249	-	-	-	(112,249)
Operation of Plant	1,202,001	46,585	-	196,086	(959,330)
Community services	111,133	91,970	-	-	(19,163)
Total Governmental Activities	4,409,342	367,965	234,246	196,086	(3,611,045)

General revenues:	
FTE nonspecific revenues	3,755,684
Fundraising, net and other revenue	2,234
Change in net assets	146,873
Net assets, beginning	713,425
Net assets, ending	$ 860,298

The accompanying notes are an integral part of this financial statement

Mater Gardens Academy
(A charter school under Mater Academy, Inc.)

Balance Sheet - Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 259,985	$ -	$ 259,985
Due from other charter schools	148,980	-	148,980
Due from other government agencies	-	7,168	7,168
Due from other funds	7,168		7,168
Other current assets	177,188	-	177,188
Total Assets	$ 593,321	$ 7,168	$ 600,489
Liabilities			
Accrued liabilities	$ 164,907	$ -	$ 164,907
Due to other funds	-	7,168	7,168
Total Liabilities	164,907	7,168	172,075
Fund balance			
Nonspendable, not in spendable form	177,188	-	177,188
Restricted	227,811	-	227,811
Unassigned	23,415	-	23,415
	428,414	-	428,414
Total Liabilities and Fund Balance	$ 593,321	$ 7,168	$ 600,489

The accompanying notes are an integral part of this financial statement

Mater Gardens Academy
(A charter school under Mater Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets
For the year ended June 30, 2013

Total Fund Balance - Governmental Funds	$	428,414
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $1,126,564 net of accumulated depreciation of $694,680 used in governmental activities are not financial resources and therefore are not reported in the fund.		431,884
Total Net Assets - Governmental Activities	$	860,298

The accompanying notes are an integral part of this financial statement

Mater Gardens Academy
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2013

Revenues:	General Fund	Special Revenue Fund	Total Governmental Funds
State passed through local	$ 3,755,684	$ -	$ 3,755,684
State capital outlay funding	-	196,086	196,086
Federal grants	-	17,816	17,816
Federal lunch program	-	216,430	216,430
Local preschool, child care and lunch fees	332,364	37,835	370,199
Total Revenues	4,088,048	468,167	4,556,215
Expenditures:			
Current			
Instruction	1,879,823	-	1,879,823
Instructional staff training services	3,029	-	3,029
Board	15,896	-	15,896
School administration	518,675	-	518,675
Facilities acquisition and construction	-	-	-
Fiscal services	92,700	-	92,700
Food services	-	265,236	265,236
Central services	103,012	-	103,012
Maintenance of plant	57,367	-	57,367
Operation of Plant	1,001,771	196,086	1,197,857
Community services	111,133	-	111,133
Capital outlay:			
Other capital outlay	113,700	17,816	131,516
Total Expenditures	3,897,106	479,138	4,376,244
Excess (deficit) of Revenues Over Expenditures	190,942	(10,971)	179,971
Other financing sources			
Transfers in and (out)	(10,971)	10,971	-
Net change in fund balance	179,971	-	179,971
Fund Balance at beginning of year	248,443	-	248,443
Fund Balance at end of year	$ 428,414	$ -	$ 428,414

The accompanying notes are an integral part of this financial statement

Mater Gardens Academy
(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, 2013

Change in Fund Balance - Governmental Funds	$	179,971
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 $131,516 differed from depreciation expense of $164,613.		(33,098)
Change in Net Assets of Governmental Activities	$	146,873

The accompanying notes are an integral part of this financial statement

Mater Gardens Academy
(A charter school under Mater Academy, Inc.)
Statement of Net Assets - Fiduciary Funds
June 30, 2013

	Agency Funds
Assets	
Cash	$ 6,721
Total Assets	$ 6,721
Liabilities	
Due to students and clubs	$ 6,721
Total Liabilities	$ 6,721
Net assets	$ -

The accompanying notes are an integral part of this financial statement

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Mater Gardens AcademyMater Gardens Academy (the "School"), is a component unit of the School Board of Miami-Dade County, Florida (the "District"). The Schools' 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 four members and also governs other charter schools.

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, 2016 and is renewable for an additional term pursuant to law and/or by a mutual written agreement between the School and the District. At the end of the term of the charter, the District may choose not to renew the charter under the grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charters expiration. During the term of the charter, the District may terminate the charter if good cause is shown.

The School is located in Hialeah, Florida serving children from kindergarten through fifth grade and is funded by the District. These financial statements are for the year ended June 30, 2013, when approximately 618 students were enrolled for the school year.

Basis of presentation

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets 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 do not include fiduciary funds.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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, liabilities, 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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. 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.

Deposits and Investments

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. Cash and cash equivalents include all highly liquid investments with a maturity of three months or less. All deposits and investments in repurchase agreements are carried at cost plus accrued interest.

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 funds derived from the National School Lunch Program from the Special Revenue Fund to the General Fund.

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

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 assets 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 a 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:

Improvements	5-20 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 one day per month to up to ten days of active work during the ten-month period (a "benefit year"). In the event that available time is not used by the end of the benefit year, employees may "rollover" all unused days for use in future benefit years. There is an opportunity to "cash out" unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days 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.

Note 1 – Summary of Significant Accounting Policies (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 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.

Revenue Sources

Revenues for current operations are received primarily from 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 30, 2013, which is the date the financial statements were available to be issued.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 – Deposits and Investments

Deposits
The School maintains its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2013, the carrying amount of the School's deposits and investments was $259,985. The bank balances totaled $323,441 and $470,000 was fully collateralized under a repurchase agreement with Regions Bank (the "Bank").

Note 2 – Deposits and Investments (continued)

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, 2013, bank balances in potential excess of FDIC coverage totaled $329,949; including fiduciary account bank balances.

Investments and Credit Risk

Custodial credit risk for deposits is the risk that in the event of a failure of a depository financial 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 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, 2013, all of the School's investments in repurchase agreements were held as part of the Bank's investment portfolio.

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 enterprises, 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

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2013:

	Balance 07/01/12	Additions	Retirements	Balance 06/30/13
Capital Assets				
Building and improvements	$ 333,646	$ 58,919	$ -	$ 392,565
Furniture, equipment and textbooks	471,774	61,663	-	533,437
Computer equipment	161,483	10,934	-	172,417
Audiovisual equipment	28,145	-	-	28,145
Total Capital Assets	995,048	131,516	-	1,126,564
Less Accumulated Depreciation				
Building and improvements	(88,936)	(63,049)	-	(151,985)
Furniture, equipment and textbooks	(356,114)	(70,030)	-	(426,144)
Computer equipment	(59,625)	(28,720)		(88,345)
Audiovisual equipment	(25,391)	(2,814)		(28,206)
Total Accumulated Depreciation	(530,066)	(164,613)	-	(694,680)
Capital Assets, net	$ 464,982	$ (33,097)	$ -	$ 431,884

For the fiscal year ended June 30, 2013, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	$ 88,202
School administration	337
Facilities acquisition	6,335
Food services	10,713
Operation of plant	4,144
Maintenance of plant	54,882
Total Depreciation Expense	$ 164,613

Note 4 –Management Agreement

Academica Dade, LLC, a professional charter school management company, provides 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. The agreement between the School and the management company calls for a fee of $450 per full time equivalent (FTE) student per year. 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, 2013, the School incurred approximately $278,000 in management fees.

Academica Dade, LLC is located at 6340 Sunset Drive, Miami, Florida 33143 and its officers are:
Fernando Zulueta, President
Ignacio Zulueta, Vice President
Magdalena Fresen, Vice President and Treasurer
Collette Papa, Secretary

Note 5 – Related Party Transactions

The School's facility is shared with Mater Gardens Academy Middle School (a charter school 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. Payments received from Mater Gardens Academy Middle School during 2013 totaled approximately $106,000. In addition, Mater Gardens Academy Middle School's student activities account is recorded in the School's books. At June 30, 2013 the School had approximately $115,000 due from Mater Gardens Academy Middle School associated with the sharing of facilities and resources.

The School's lunch program is shared with Mater Gardens Middle School. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements. At June 30, 2013 the School had approximately $33,980 due from Mater Gardens Academy Middle School associated with the lunch program.

Mater Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. Mater Gardens Academy paid Mater Academy, Inc. approximately $15,450 in connection with these charges during the year.

Note 5 – Related Party Transactions (continued)

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2013, administrative fees withheld by the School District totaled $30,252.

Note 6 – Commitments and Contingencies

The School entered into a lease and security agreement with Northwestern Grant, LLC for its 51,246 square feet facility including all ancillary facilities, outdoor areas and other improvements. The landlord is an affiliate of the School's management company (see Note 4). This facility is shared with Mater Gardens Academy Middle School (a charter school under Mater Academy, Inc.).

Initial fixed annual payments under this agreement (based on $23.75 per square foot) are approximately $1,211,300 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through August 1, 2026 with an option to renew for an additional five-year term.

Under the agreement, the School must meet certain covenants and requirements, including 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. Finally, 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.

Lease payments are allocated among the two schools (charter schools under Mater Academy, Inc.) based on enrollment and usage of facility. The allocation used for 2013, was approximately 77% for the School and 23% for Mater Gardens Academy Middle School.

For 2013, rent expense totaled $976,653, of which approximately $953,058 was related to the facility lease. As of June 30, 2013, the School had approximately $89,100 in prepaid rent.

Note 6 – Commitments and Contingencies (continued)

Future minimum payments for the full lease (to be shared with Mater Gardens Academy Middle School) are as follows:

Year	
2014	$1,369,100
2015	$1,369,100
2016	$1,369,100
2017	$1,369,100
2018	$1,369,100
2019-2023	$6,845,609 (Total for five-year period)
2024-2026	$4,107,365 (Total for four-year period)

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.

The School participates in a number of Federal and State grant programs which are subject to audit in accordance with Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". The School expects such expenditures, if any, which may be disallowed by the granting agencies to be immaterial.

Note 7 – Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. 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"), 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 $8,666 for the year ended June 30, 2013. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by MassMutual Financial Group.

Note 1 – Summary of Significant Accounting Policies (continued)

Net assets and Fund balance classifications

Government-wide financial statements
Equity is classified as net assets and displayed in three components:

a) Invested in capital assets, net of related debt - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
b) Restricted net assets - consists of net assets 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 assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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 list 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.

REQUIRED SUPPLEMENTARY INFORMATION

Mater Academy Gardens
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2013

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	$ 3,586,320	$ 3,702,160	$ 3,755,684
Local preschool and child care	256,000	301,600	332,364
Total Revenues	3,842,320	4,003,760	4,088,048
EXPENDITURES			
Current:			
Instruction	1,820,000	1,890,000	1,879,823
Instructional staff training services	8,000	5,000	3,029
Board	20,000	20,000	15,896
School Administration	475,000	525,000	518,675
Fiscal Services	80,000	105,000	92,700
Central Services	80,000	105,000	103,012
Operation of Plant	979,910	1,020,000	1,001,771
Maintenance of Plant	40,000	60,000	57,367
Community Services	200,000	125,000	111,133
Total Current Expenditures	3,702,910	3,855,000	3,783,406
Excess of Revenues Over Current Expenditures	139,410	148,760	304,642
Capital Outlay:			
Other Capital Outlay	130,000	130,000	113,700
Total Expenditures	3,832,910	3,985,000	3,897,106
Excess of Revenues Over Expenditures	9,410	18,760	190,942
Other financing sources			
Transfers out	-	(15,000)	(10,971)
Net change in fund balance	9,410	3,760	179,971
Fund Balance at beginning of year	248,443	248,443	248,443
Fund Balance at end of year	$ 257,853	$ 252,203	$ 428,414

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 Gardens
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2013

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	$ 141,372	$ 196,000	$ 196,086
Federal grants	17,650	18,000	17,816
Federal lunch program	250,000	215,000	216,430
Lunch fees	21,000	35,000	37,835
Total Revenues	430,022	464,000	468,167
EXPENDITURES			
Current:			
Instruction	-	-	-
Food Services	271,000	265,000	265,236
Operation of Plant	141,372	196,000	196,086
	412,372	461,000	461,322
Excess of Revenues Over Current Expenditures	17,650	3,000	6,845
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	17,650	18,000	17,816
Total Capital Outlay and Debt Service Expenditures	17,650	18,000	17,816
Total Expenditures	430,022	479,000	479,138
Excess of revenues over expenditures	-	(15,000)	(10,971)
Other financing sources			
Transfers in		15,000	10,971
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	$ -	$ -	$ -

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.

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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*

Board of Directors of
Mater Gardens Academy
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 Gardens Academy (the "School") as of, and for the year ended June 30, 2013, 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 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal. 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 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 noted certain matters that we reported to management in a separate management letter dated August 30, 2013 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.

HCB Grevious, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2013

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

Board of Directors of
Mater Gardens Academy
Hialeah, Florida

We have audited the financial statements of the governmental activities and each major fund of Mater Gardens Academy as of and for the year ended June 30, 2013 and have issued our report thereon dated August 30, 2013.

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. 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 30, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report or schedule:

1. 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.

   Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

2. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition met.

   In connection with our audit, we determined that Mater Gardens Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

3. 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 have the following observations and recommendations.

ML 13-01 – INTERNAL ACCOUNT

Observation
We noted that activity in the School's internal fund includes both fiduciary activity and general fundraising activity. The accounting treatment is being applied in the same way for both as funds held in the School's internal account are reported as a liability and the activity is not reflected as revenues or expenses. The activity is also recorded in one general ledger account on a cash basis. In addition, we noted instances where recap sheets for deposits were missing required signatures.

Recommendation
Although generally not material to the financial statements taken as a whole, the activity related to general fundraising should be treated separately from fiduciary type activity. Funds accumulated by fundraising activity should be reflected in the School's net assets as either unrestricted or restricted net assets. In addition, general fundraising revenues and expenses should be reflected in the statement of activities and should be recorded on the accrual basis with reconciliation to the bank statement performed monthly.

4. 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.

5. 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 disclosed in the accompanying financial statements.

6. Pursuant to Sections 10.854(1)(e)6.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Mater Gardens Academy'sMater Gardens Academy 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.

Status of Prior Year Findings and Recommendations

ML 2012-01 – Internal Fund: During the current year audit procedures, we noted an overall improvement in the maintenance and record keeping for the internal fund. However, we noted other recommendations for the fund, see current year finding ML 13-01.

ML 2012-02 – Education Jobs Fund – Special Revenue Funds: During the current year audit procedures, we noted that the School implemented our recommendation and properly included all federal funds in the special revenue fund.

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 and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Hill Gruber, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2013

Mater Gardens Academy

August 29th, 2013

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

RE: MANAGEMENT'S RESPONSES TO AUDITOR'S RECOMMENDATION

The following is the response by the School's Board of Directors to your recommendations:

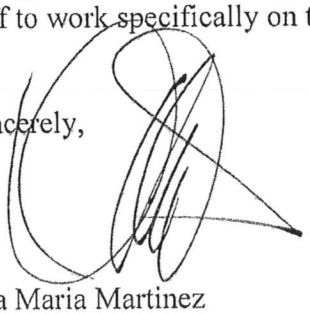
ML 13-01 – INTERNAL ACCOUNT
Although generally not material to the financial statements taken as a whole, the activity related to general fundraising should be treated separately from fiduciary type activity. Funds accumulated by fundraising activity should be reflected in the School's net assets as either unrestricted or restricted net assets.

We recommend that the school's treasurer follow the School's internal policy, without exception, including: that all checks disbursed out of the internal account have two signatures; and that all deposit recap sheets contain his or her signature as acknowledgement and verification of the deposits received.

We also recommend that the treasurer collect along with the deposit recap sheet a copy of all receipts issued to students and that those are maintained and stored for a reasonable amount of time.

Management Response
Management will adhere to auditor's recommendation and Management has assigned staff to work specifically on this project.

Sincerely,



Ana Maria Martinez
Authorized Signor for Mater Academy, Inc.