

MATER ACADEMY
(A charter school under
Mater Academy, Inc.)
(A Charter School and Component Unit
of the School Board of Miami Dade County, Florida)

Financial Statements and
Independent Auditors' Report
June 30, 2014

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MATER ACADEMY
(A charter school under Mater Academy, Inc.)
W/L# 0100

7700 NW 98th Street
Hialeah Gardens, FL 33016

2013-2014

Board of Directors

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

School Administration

Cecilia Telleria, Principal

Other Non-voting Corporate Officers

Antonio L. Roca, President

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Mater 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, 2014, which collectively comprises the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Mater Academy at June 30, 2014, 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 at June 30, 2014, 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, 2014 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2014 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 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.

Coral Gables, Florida
August 29, 2014



CERTIFIED PUBLIC ACCOUNTANTS

Management's Discussion and Analysis
Mater Academy
(A Charter School Under Mater Academy, Inc.)
June 30, 2014

The corporate officers of Mater Academy have prepared this narrative overview and analysis of the school's financial activities for the fiscal year ended June 30, 2014.

Financial Highlights

1. The net position of the School at June 30, 2014 was \$ \$11,395,194.
2. At year-end, the School had current assets on hand of \$3,283,843.
3. The School had an increase in its net position of \$1,054,563 for the year ended June 30, 2014.
4. The unassigned fund balance at year end was \$2,824,936.

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, 2014 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 17 – 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school’s financial position. In the case of the School, the net position was \$11,395,194 at the close of the fiscal year. A summary of the School’s net position as of June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 3,056,697	\$ 3,844,289
Prepaid expenses	140,783	35,042
Due from other agencies	25,938	22,521
Deposits receivable	60,425	10,200
Due from affiliates and other charter schools	6,749,158	5,078,518
Capital Assets, net	1,619,892	1,556,673
Total Assets	<u>11,652,893</u>	<u>10,547,243</u>
Deferred outflows of resources	-	-
Accounts Payable and Accrued Liabilities	257,699	206,612
Total Liabilities	<u>257,699</u>	<u>206,612</u>
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets and long term receivables	8,369,050	6,635,191
Unrestricted	3,026,144	3,705,440
Total Net Position	<u>\$ 11,395,194</u>	<u>\$ 10,340,631</u>

At the end of the fiscal year, the School is able to report positive balances in total net position.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 206,624	\$ 184,673
Capital Outlay Funding	370,209	388,378
Lunch Program	383,429	346,896
Charges for Services	58,747	57,587
General Revenues		
Local Sources(FTE non specific)	4,848,830	4,604,263
Other Revenues	16,149	1,143
Total Revenues	<u>\$ 5,883,988</u>	<u>\$ 5,582,940</u>
EXPENSES		
Component Unit Activities:		
Instruction	\$ 2,844,342	\$ 2,742,340
Instructional staff training	6,041	17,024
Board	16,297	23,626
School administration	552,314	564,043
Facilities acquisition	26,124	76,324
Fiscal services	112,200	112,500
Food services	232,400	264,468
Central services	123,732	126,849
Operation of plant	671,998	631,539
Maintenance of plant	242,608	173,969
Community Services	1,369	-
Total Expenses	<u>4,829,425</u>	<u>4,732,682</u>
Increase in Net Position	1,054,563	850,258
Net Position at Beginning of Year	<u>10,340,631</u>	<u>9,490,373</u>
Net Position at End of Year	<u>\$ 11,395,194</u>	<u>\$ 10,340,631</u>

The School's revenue increased by \$301,048 and expenditures increased by \$96,743. For the 2013-2014 school year, the State appropriated a per student funding amount slightly larger than the amount appropriated for the 2012-2013 school year. The School had an increase in its net position of \$1,054,563 for the year.

Accomplishments

In 2014, Mater Academy Charter School completed its 16th year of operations, serving approximately 750 students in grades K – 5. The school earned a letter grade of "A" for the 12th consecutive year, ranking among the top elementary schools in Miami-Dade County. The school has also received multiple awards for high academic achievement. Some of the recognitions received by Mater Academy Elementary include:

- 2001-2009 Proclamation Gold Award for Superior School Performance
- 2001-2007 Platinum Award for Superior School Performance
- 2001-2008 United Way Student Campaign Recognition
- 2002-2010 Florida School Recognition Award for Achieving Higher Academic Performance for All Students

- 2009-2010 Florida Title I Distinguished School
- 2011-2012 ranked 4th highest performing school in Miami- Dade county based on the State of Florida Accountability Program
- 2011-2012 School Recognition Award
- 2011-2012 “Superintendent’s Platinum Award”

This past year, Mater Academy students and staff participated in various activities and were recognized for many achievements:

- Placed 1st in the Mater Inc Spelling Bee
- Received a \$250 garden grant from Fairchild Tropical Gardens to create an edible garden for our school
- Received a \$500 grant from Disney to create a Monarch Waystation in our school
- Participated in charitable community events such as "Feeding the Hungry," a program where students packaged over 10,000 meals to feed starving children in Haiti, Jump Rope for Heart, and the Canned Food Drive
- Won 3rd place (Mater Academy’s Spirit Team) at the 2014 Beach Battle Cheerleading Competition
- Students participated in the Do the Right Thing program, as well as the Bullying Prevention Week activities
- Participated in “College Bound” activities including becoming familiar with their year of college graduation, creating reports on a college or university of their choice, setting goals for being college bound students.
- Participated in campaigning and elections (Student Council)
- Islands of Adventure Field Trip
- Participated in the Hispanic Heritage Fair festival, a school wide event honoring Hispanic countries from around the world. Students created research based projects on Hispanic countries, sampled various foods and wore traditional attire.
- Created original art pieces and displayed them in the Art Fair for parents and family members.
- Exhibited their science projects at the annual "Science Fair."
- Participated in the UMater Enrichment Writing Contest and had a student win an \$80 grant towards an enrichment activity of their choice.

Students also participated in school-based productions, such as "Hispanic Heritage Festival," Talent Show, “Winter Wonderland” Holiday Show, Anti-Bullying skit, and Pep Rallies and Assemblies.

At Mater Academy, parental involvement is a key part of the educational process. The Mater Academy Parent Association partnership plays an integral role in each child’s education; parents volunteer hours of their time and participate in school activities. This past year, Mater Academy parents participated in many school-wide events, such as- FCAT Reward Week, Literacy Night, Promotion Ceremonies, and year-round fundraisers and activities.

As a member of the Mater Academy network of high quality charter schools, Mater Academy is fully accredited by AdvancED under the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS-CASI) division. Due to the high demand for its program, Mater Academy will be expanding to a new campus in the 2014-2015 school-year.

School Location

During 2013-2014, the School continued to operate from its facility located at 7700 NW 98th Street in Hialeah Gardens. For 2014-2015, the School will continue at the existing facility and open in a second location at 8003 NW 103rd Street in Hialeah Gardens.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$3,026,144. The fund balance unassigned and available for spending at the School's discretion is \$2,824,936. 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, 2014 amounts to \$ 1,619,892 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment. 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 funds to demonstrate compliance with the School's budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
State capital outlay funding	\$ 356,250	\$ 370,500	\$ 370,209
Federal sources	340,000	520,000	559,500
Federal sources - lunch program	20,000	20,000	30,553
General Revenues			
FTE nonspecific revenues	4,629,125	4,691,607	4,848,830
Charges and other revenues	55,000	55,000	74,896
Total Revenues	<u>\$ 5,400,375</u>	<u>\$ 5,657,107</u>	<u>\$ 5,883,988</u>
CURRENT EXPENDITURES			
Component Unit Activities			
Instruction	\$ 2,800,680	\$ 2,870,000	\$ 2,812,812
Instructional staff training	10,000	7,000	6,041
Board	25,000	17,500	16,296
School administration	560,000	552,000	550,633
Fiscal services	120,000	113,000	112,200
Food services	200,000	250,000	232,400
Central services	130,000	125,000	123,732
Operation of plant	671,250	675,500	667,832
Maintenance of plant	180,000	172,000	168,401
Community Services	1,500	1,400	1,369
Total Current Expenditures	<u>\$ 4,698,430</u>	<u>\$ 4,783,400</u>	<u>\$ 4,691,716</u>

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

Requests for Information

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

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

Statement of Net Position
 June 30, 2014

Assets

Current assets:	
Cash and cash equivalents	\$ 3,056,697
Prepaid expenses	140,783
Due from other agencies	25,938
Deposits receivable	60,425
	<u>3,283,843</u>
Due from affiliates and other charter schools	6,749,158
Capital assets	5,240,590
Less: accumulated depreciation	<u>(3,620,698)</u>
	<u>1,619,892</u>
Total Assets	<u>11,652,893</u>

Deferred Outflows of Resources -

Liabilities

Current liabilities:	
Salaries and wages payable	<u>257,699</u>
Total Liabilities	257,699

Deferred Inflows of Resources -

Net Position

Net investment in capital assets and long term receivables	8,369,050
Unrestricted	<u>3,026,144</u>
Total Net Position	<u>\$ 11,395,194</u>

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

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

Statement of Activities
For the year ended June 30, 2014

FUNCTIONS	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 2,844,342	\$ -	\$ 206,624	\$ -	\$ (2,637,718)
Instructional staff training	6,041	-	-	-	(6,041)
Board	16,297	-	-	-	(16,297)
School administration	552,314	-	-	-	(552,314)
Facilities acquisition	26,124	-	-	-	(26,124)
Fiscal services	112,200	-	-	-	(112,200)
Food services	232,400	30,553	352,876	-	151,029
Central services	123,732	-	-	-	(123,732)
Operation of plant	671,998	57,586	-	370,209	(244,203)
Maintenance of plant	242,608	-	-	-	(242,608)
Community Services	1,369	1,161	-	-	(208)
Total governmental activities	<u>4,829,425</u>	<u>89,300</u>	<u>559,500</u>	<u>370,209</u>	<u>(3,810,416)</u>
General revenues:					
FTE nonspecific revenues					4,848,830
Interest and other revenue					<u>16,149</u>
Change in net position					1,054,563
Net position , beginning					<u>10,340,631</u>
Net position, ending					<u>\$11,395,194</u>

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

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

Balance Sheet - Governmental Funds
June 30, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 3,056,697	\$ -	\$ 3,056,697
Due from other agencies	-	25,938	25,938
Due from fund	25,938	-	25,938
Prepaid expenses	140,783	-	140,783
Deposits receivable	60,425	-	60,425
Total Assets	<u>3,283,843</u>	<u>25,938</u>	<u>3,309,781</u>
<u>Deferred Outflows of Resources</u>			
	-	-	-
<u>Liabilities</u>			
Salaries and wages payable	257,699	-	257,699
Deposits	-	-	-
Due to fund	-	25,938	25,938
Total Liabilities	<u>257,699</u>	<u>25,938</u>	<u>283,637</u>
<u>Deferred Inflows of Resources</u>			
	-	-	-
<u>Fund balance</u>			
Nonspendable, not in spendable form	201,208	-	201,208
Unassigned	2,824,936	-	2,824,936
	<u>3,026,144</u>	<u>-</u>	<u>3,026,144</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,283,843</u>	<u>\$ 25,938</u>	<u>\$ 3,309,781</u>

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

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
For the year ended June 30, 2014

Total Fund Balance - Governmental Funds \$ 3,026,144

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

Capital assets of \$5,240,590 net of accumulated depreciation of \$3,620,698 used in governmental activities are not financial resources and therefore are not reported in the fund. 1,619,892

Long term receivables from related party in governmental activities are not financial resources and therefore are not reported in the governmental funds. 6,749,158

Total Net Position - Governmental Activities \$ 11,395,194

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

MATER 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, 2014

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
State capital outlay funding	\$ -	\$ 370,209	\$ 370,209
State passed through local	4,848,830	-	4,848,830
Federal sources	-	559,500	559,500
Charges and other revenue	74,896	30,553	105,449
Total Revenues	4,923,726	960,262	5,883,988
Expenditures:			
Current			
Instruction	2,606,188	206,624	2,812,812
Board	16,296	-	16,296
Instructional staff training	6,041	-	6,041
School administration	550,633	-	550,633
Facilities acquisition	-	-	-
Fiscal services	112,200	-	112,200
Food services	-	232,400	232,400
Central services	123,732	-	123,732
Operation of plant	297,623	370,209	667,832
Maintenance of plant	168,401	-	168,401
Community Services	1,369	-	1,369
Capital Outlay:			
Other capital outlay	200,928	-	200,928
Total Expenditures	4,083,411	809,233	4,892,644
Excess (deficit) of revenues over expenditures	840,315	151,029	991,344
Other financing sources (uses)			
Transfers in (out)	151,029	(151,029)	-
Long term advances to affiliates, net	(1,670,640)	-	(1,670,640)
Net change in fund balance	(679,296)	-	(679,296)
Fund Balance at beginning of year	3,705,440	-	3,705,440
Fund Balance at end of year	\$ 3,026,144	\$ -	\$ 3,026,144

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

MATER 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, 2014

Net Change in Fund Balance - Governmental Funds \$ (679,296)

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 \$200,928 exceeded depreciation expense of \$137,709.

63,219

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. This is the amount by which increase in long-term receivables of \$1,824,000 exceeded collections of \$153,360 in the current period.

1,670,640

Change in Net Position of Governmental Activities \$ 1,054,563

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

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

Statement of Net Position - Fiduciary Funds
June 30, 2014

<u>Assets</u>		
Cash		\$ 12,010
	Total Assets	<u>12,010</u>
<u>Deferred Outflows of Resources</u>		<u>-</u>
<u>Liabilities</u>		
Due to students and clubs		12,010
	Total Liabilities	<u>12,010</u>
<u>Deferred Inflows of Resources</u>		<u>-</u>
<u>Net Position</u>		<u>\$ -</u>

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Mater Academy (the "School"), is a component unit of the School Board of Miami-Dade County, Florida (the "District"). The School's charter is held by Mater Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Mater Academy, Inc., which is composed of six 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, 2018 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 charter's expiration. During the term of the charter, the District may terminate the charter if good cause is shown.

The School is located in Hialeah Gardens, Florida for students from kindergarten through fifth grade. These financial statements are for the year ended June 30, 2014, when on average 746 students were enrolled for the school year.

Basis of Presentation

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

New Accounting Pronouncements

For the year ended June 30, 2013, the School implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB 63 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. This change was incorporated in the School's financial statements; however there was no effect on beginning net position/fund balance.

Additionally, the School implemented GASB Statement No. 65, "Items previously reported as Assets and Liabilities." GASB 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This change was incorporated in the School's financial statements; however there was no effect on beginning net position/fund balance.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities.

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, deferred outflow of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements:

General Fund - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

Special Revenue Fund - accounts for specific revenue, such as capital outlay funding and federal lunch program that are legally restricted to expenditures for particular purposes.

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

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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 relate to grants or programs for which the services have been provided by the School.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost of \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized.

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

Improvements	10 Years
Furniture and equipment	5 Years
Textbooks	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.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

In addition, the School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities.

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

Net position and Fund Balance Classification

Government-wide financial statements

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

- a) Net investment in capital assets and long term receivables - consists of capital assets net of accumulated depreciation and long term receivables and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets and long term receivables".

Fund financial statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

- 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. There are no restricted fund balances at year end.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification that is intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned – portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School’s general fund.

Order of Fund Balance Spending Policy

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

Income Taxes

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

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 29, 2014, which is the date the financial statements were available to be issued.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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, 2014, the carrying amount of the School's deposits and investments was \$3,056,697; of which \$676,721 consisted of bank balances and \$1,965,000 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. As of June 30, 2014, bank balances in potential excess of FDIC coverage totaled \$700,733; 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, 2014, 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.

Mater Academy
(A Charter School under Mater Academy, Inc.)
Notes to Financial Statements
June 30, 2014

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, 2014:

	Balance 07/01/13	Additions	Reclass	Balance 06/30/14
Capital Assets:				
Land	\$ 5,450	-	\$ -	\$ 5,450
Building improvements under construction	875,000	-	-	875,000
Capital assets, depreciable:				
Buildings and Improvements	3,114,100	23,050	-	3,137,150
Computer equipment and software	338,735	23,133	(40,405)	321,463
Furniture, equipment and textbooks	706,378	154,745	40,405	901,527
Total Capital Assets	<u>\$ 5,039,663</u>	<u>\$ 200,928</u>	<u>\$ -</u>	<u>\$ 5,240,590</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,477,809)	(35,182)	-	(2,512,991)
Computer equipment and software	(231,311)	(40,985)	116,431	(155,865)
Furniture, equipment and textbooks	(773,870)	(61,542)	(116,431)	(951,842)
	<u>(3,482,990)</u>	<u>(137,709)</u>	<u>-</u>	<u>(3,620,698)</u>
Capital Assets, net	<u>\$ 1,556,673</u>	<u>\$ 63,219</u>	<u>\$ -</u>	<u>\$ 1,619,892</u>

For the fiscal year ended June 30, 2014, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	31,530
School administration		1,682
Facilities acquisition		26,124
Maintenance of plant		74,207
Operation of plant		4,166
Total Depreciation Expense	<u>\$</u>	<u>137,709</u>

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, 2014, the School incurred \$336,600 in management fees.

Academica Dade, LLC is located at 6340 Sunset Drive, Miami, Florida 33143 and its officers are:

Fernando Zulueta, President
Magdalena Fresen, Vice President and Treasurer
Ignacio Zulueta, Vice President
Collette Papa, Secretary

Note 5 – Transactions with other divisions of Mater Academy, Inc.

The School has made various long-term, non-interest bearing advances to various charter schools under Mater Academy, Inc. and to the corporate account for working capital purposes. Each advance is due within three years and is secured by the division’s assets. The following schedule provides a summary of changes in long-term advances for the year ended June 30, 2014:

	Balance 07/01/13	Additions	Deletions	Balance 06/30/14
Mater Academy, Inc. - Corporate account	\$4,126,756	\$1,512,000	\$ -	5,638,756
Mater Academy Grove	422,718	-	-	422,718
Mater Academy Mt. Sinai	395,580	-	89,580	306,000
iMater Academy	36,699	258,301	-	295,000
iMater Academy Middle School	-	43,699	-	43,699
Mater Virtual Academy	32,985	-	-	32,985
Mater Academy of International Studies	50,000	-	50,000	-
Mater Virtual Academy High School	-	10,000	-	10,000
Mater Academy Brickell	13,780	-	13,780	-
Total Long Term Receivables	<u>\$5,078,518</u>	<u>\$1,824,000</u>	<u>\$ 153,360</u>	<u>\$6,749,158</u>

Note 5 – Transactions with other divisions of Mater Academy, Inc. (continued)

Mater Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. Mater Academy paid Mater Academy, Inc. approximately \$75,000 in connection with these charges during the year.

Note 6 – Commitments and Contingencies

Existing Facility

The School entered into a lease agreement with Palmetto Park, Inc., for its 29,550 square foot facility. Annual payments under this agreement are approximately \$365,000 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through January 1, 2021 with an option to renew for an additional period of seven years. For 2014, rent expense totaled \$450,806, out of which approximately \$387,000 related to facility lease, plus approximately \$52,000 in property insurance costs. As of June 30, 2014, the School had approximately \$36,000 in prepaid rent.

Additional Facility for 2014-15

On November 29, 2012, Mater Academy, Inc. entered into a lease agreement with Mater Academy Foundation, Inc., as landlord. Mater Academy Foundation, Inc. is a not-for-profit supporting organization of Mater Academy, Inc. under Section 509(a)(3) of the Internal Revenue Code. On December 23, 2013, Mater Academy Foundation, Inc. assigned the lease agreement to 8003 Foundation, Inc., another not-for-profit supporting organization of Mater Academy, Inc. under Section 509(a)(3) of the Internal Revenue Code.

This lease will provide the School and Mater Academy Middle School (another school under Mater Academy, Inc.) with the use of two new buildings totaling 50,000 square feet scheduled to open for use in the 2014-15 school year. Initial fixed annual payments under this agreement (based on \$20 per square foot) are \$1,000,000 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through July 31, 2034 with options to renew for four additional five-year terms.

Under this lease agreement, Mater Academy, Inc. is responsible for certain tenant improvements such as: floor coverings, ceiling finishes, lighting, room partitions, doors, built-in cabinetry, HVAC and other. Upon execution of the lease and in consideration for such tenant improvements, Mater Academy, Inc. made payments to the landlord for a total of \$1,750,000. The lease contains other requirements and covenants such as maintaining a “Lease Payment Coverage Ratio” of not less than 1.05 to 1.00. For the year ended 2014, no rent expense was recorded by the School under this lease agreement.

Note 6 – Commitments and Contingencies (continued)

Mater Academy Foundation, Inc. acquired the land in 2012 with a note from Self Help New Markets IV, LLC. 8003 Foundation, Inc. satisfied that note and refinanced the land on December 23, 2013, in order to finance the construction of the two new school buildings. Mater Academy, Inc. is a guarantor under the new note up to a maximum amount of \$11,400,000.

Future minimum payments under both lease agreements are as follows:

<u>Year</u>		
2015	\$	1,386,484
2016		1,386,484
2017		1,386,484
2018		1,386,484
2019		1,386,484
2020-2024		5,611,933 (total for five-year period)
2025-2029		5,000,000 (total for five-year period)
2030-2034		5,000,000 (total for five-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.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% (or 2% for high performing schools) of the qualifying revenues of the School. For the year ended June 30, 2014, administrative fees withheld by the School District totaled \$31,417.

Note 7 – Risk Management

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

Note 8 – Defined Contribution Retirement Plan

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), 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 \$8,922 for the year ended June 30, 2014. The School does not exercise any control or fiduciary responsibility over the Plan's assets, which are administered by MassMutual Financial Group.

REQUIRED SUPPLEMENTARY INFORMATION

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2014

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 4,629,125	\$ 4,691,607	\$ 4,848,830
Charges and other revenue	55,000	55,000	74,896
Total Revenues	<u>4,684,125</u>	<u>4,746,607</u>	<u>4,923,726</u>
EXPENDITURES			
Current:			
Instruction	2,640,680	2,620,000	2,606,188
Instructional Staff Training	10,000	7,000	6,041
Board	25,000	17,500	16,296
School Administration	560,000	552,000	550,633
Fiscal Services	120,000	113,000	112,200
Central Services	130,000	125,000	123,732
Operation of Plant	315,000	305,000	297,623
Maintenance of Plant	180,000	172,000	168,401
Community Services	1,500	1,400	1,369
Total Current Expenditures	<u>3,982,180</u>	<u>3,912,900</u>	<u>3,882,483</u>
Excess of Revenues			
Over Current Expenditures	<u>701,945</u>	<u>833,707</u>	<u>1,041,243</u>
Capital Outlay	<u>100,000</u>	<u>205,000</u>	<u>200,928</u>
Total Expenditures	<u>4,082,180</u>	<u>4,117,900</u>	<u>4,083,411</u>
Excess of Revenues Over Expenditures	601,945	628,707	840,315
Other financing sources (uses):			
Transfers in (out)	-	40,000	151,029
Long term advances to affiliates, net		<u>(1,680,000)</u>	<u>(1,670,640)</u>
Net change in fund balance	601,945	(1,011,293)	(679,296)
Fund Balance at beginning of year	<u>3,705,440</u>	<u>3,705,440</u>	<u>3,705,440</u>
Fund Balance at end of year	<u>\$ 4,307,385</u>	<u>\$ 2,694,147</u>	<u>\$ 3,026,144</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2014

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 356,250	\$ 370,500	\$ 370,209
Federal sources	340,000	520,000	559,500
Charges for services	20,000	20,000	30,553
Total Revenues	<u>716,250</u>	<u>910,500</u>	<u>960,262</u>
EXPENDITURES			
Current:			
Instruction	160,000	250,000	206,624
Food services	200,000	250,000	232,400
Operation of Plant	<u>356,250</u>	<u>370,500</u>	<u>370,209</u>
Total Current Expenditures	<u>716,250</u>	<u>870,500</u>	<u>809,233</u>
Excess of Revenues Over Current Expenditures	<u>-</u>	<u>40,000</u>	<u>151,029</u>
Capital Outlay			-
Total Expenditures	<u>716,250</u>	<u>870,500</u>	<u>809,233</u>
Excess of Revenues Over Expenditures	-	40,000	151,029
Other financing sources (uses) Transfers in (out)	<u>-</u>	<u>(40,000)</u>	<u>(151,029)</u>
Net change in fund balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors of
Mater Academy
Hialeah Gardens, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States., the financial statements of the governmental activities and each major fund of Mater Academy (the "School"), as of, and for the year ended June 30, 2014, 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, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We issued a separate management letter dated August 29, 2014 pursuant to Chapter 10.850, Rules of the Auditor General.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 29, 2014

MANAGEMENT LETTER

Board of Directors of
Mater Academy
Hialeah Gardens, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of Mater Academy as of and for the year ended June 30, 2014 and have issued our report thereon dated August 29, 2014.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Reporting Required by *Government Auditing Standards*

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosure in those reports, which are dated August 29, 2014, 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. Corrective action has been taken to address findings and recommendations made in the preceding annual financial audit report. See heading below titled Status of Prior Year Findings and Recommendations.

Financial Condition

Sections 10.854(1)(e)2, and 10.855(11), Rules of the Auditor General, require that we apply appropriate procedures to determine whether or not Mater Academy has met one or more of the conditions described in Section 218. 503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Mater Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes. Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, require that we apply financial condition assessment procedures for Mater Academy. It is management's responsibility to monitor Mater Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. We have applied such procedures as of the fiscal year end and no deteriorating financial condition has been noted.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether Mater Academy maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Mater Academy 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.

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Mater Academy.

Status of Prior Year Findings and Recommendations

ML 2013-01 – Capital Assets: During the current year audit procedures, we noted that the School implemented our recommendation and reconciled its capital asset manager to the School's trial balance.

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 29, 2014