

**HLB** Gravier, LLP

Certified Public Accountants

MATER ACADEMY  
W/L# 0100

(A charter school under  
Mater Academy, Inc.)

Financial Statements and  
Independent Auditors' Report  
June 30, 2018

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

7700 NW 98<sup>th</sup> Street  
Hialeah Gardens, FL 33016

8003 NW 103 Street  
Hialeah Gardens, FL 33016

2017-2018

Board of Directors

Cesar Christian Crousillat, Board Chair, Director  
Shannie Sadesky, Vice Chair, Director  
Idalia Suarez, Secretary, Director  
Javier Jerez, Director and Student Alumni Representative  
Maurene Sotero Balmaseda, Director and Student Alumni Representative

School Administration

Cecilia Guilarte, Principal

Other Non-voting Corporate Officers

Roberto Blanch, 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, each major fund, and the aggregate remaining fund information of Mater Academy (the "School"), a charter school under Mater Academy, Inc., as of, and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

Our responsibility is to express 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, each major fund, and the aggregate remaining fund information of Mater Academy as of June 30, 2018, 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 as of June 30, 2018, 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, 2018 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2018 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* in considering the School's internal control over financial reporting and compliance.

Coral Gables, Florida  
September 4, 2018

*HCB Grimes, LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**Management's Discussion and Analysis**  
Mater Academy  
(A Charter School Under Mater Academy, Inc.)  
June 30, 2018

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, 2018.

**Financial Highlights**

1. The net position of the School at June 30, 2018 was \$14,871,127.
2. At year-end, the School had current assets on hand of \$4,840,397.
3. The School had an increase in its net position of \$1,141,783 for the year ended June 30, 2018.
4. The unassigned fund balance at year end was \$4,202,355.

**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, 2018 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 - 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 – 27 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 \$14,871,127 at the close of the fiscal year. A summary of the School’s net position as of June 30, 2018 and 2017 is as follows:

	2018	2017
Cash and cash equivalents	\$ 578,926	\$ 1,013,068
Investments	4,110,000	2,550,000
Prepaid expenses	130,216	220,960
Due from other agencies	21,255	30,803
Deposits receivable	60,425	60,425
Due from other divisions of Mater Academy, Inc.	8,627,180	8,327,180
Capital Assets, net	1,751,547	1,917,830
<b>Total Assets</b>	<b>15,279,549</b>	<b>14,120,266</b>
<b>Deferred outflows of resources</b>	-	-
Accrued Liabilities	406,022	390,922
Accounts Payable	2,400	-
<b>Total Liabilities</b>	<b>408,422</b>	<b>390,922</b>
<b>Deferred inflows of resources</b>	-	-
<b>Net Position:</b>		
Net investment in capital assets and long term receivables	10,378,727	10,245,010
Unrestricted	4,492,400	3,484,334
<b>Total Net Position</b>	<b>\$ 14,871,127</b>	<b>\$ 13,729,344</b>

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, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Program Revenues		
Operating Grants and Contributions	\$ 527,880	\$ 332,641
Capital Grants and Contributions	656,227	506,584
Lunch Program	568,604	576,273
Charges for Services	90,042	59,246
General Revenues		
Local Sources (FTE and other non specific)	8,024,622	7,823,027
Other Revenues	89,488	48,922
<b>Total Revenues</b>	<b>\$ 9,956,863</b>	<b>\$ 9,346,693</b>
<b>EXPENSES</b>		
Instruction	\$ 4,680,688	\$ 4,669,778
Student support services	6,161	-
Instructional staff training	11,873	16,325
Board	61,144	150,866
School administration	844,716	754,765
Facilities acquisition	67,534	66,566
Fiscal services	180,600	164,475
Food services	476,251	527,903
Central services	203,903	200,064
Operation of plant	1,880,802	1,646,653
Maintenance of plant	360,390	264,178
Administrative technology services	41,018	-
<b>Total Expenses</b>	<b>8,815,080</b>	<b>8,461,573</b>
Increase in Net Position	1,141,783	885,120
Net Position at Beginning of Year	13,729,344	12,844,224
Net Position at End of Year	<b>\$ 14,871,127</b>	<b>\$ 13,729,344</b>

The School's revenue and expenditures increased by \$610,170 and \$353,507, respectively, as a result of increased capital grants, operating grants and enrollment. The School had an increase in its net position of \$1,141,783 for the year.

### Accomplishments

In 2018, Mater Academy Charter School successfully completed its 20<sup>th</sup> year of operation. Due to the high demand for its program, Mater Academy expanded to a new campus in 2014. With a student population of 1,111 students in grades K – 5, it was a great year of continuing to provide an excellent high-quality education to students.

This past year, the school earned a letter grade of "A", ranking among the top elementary schools in Miami-Dade County. Mater Academy has also received multiple awards for high academic performance:

- 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 4<sup>th</sup> 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"

Mater Academy students and staff participated in various activities throughout the year, and have been recognized for the following achievements:

- Students exhibited their science projects at the annual "Science Fair" and participated in "Science Night" where parents, teachers and students interacted through science activities and experiments.
- Students partook in Literacy Night where parents, teachers and students worked together to promote reading success
- Students participated in school-based productions, such as the "Winter Wonderland" Holiday Show, Anti-Bullying skit, and Pep Rallies and Assemblies.
- Students participated in the National Education Association's Read Across America program, focused on motivating children and teens to read through events, partnerships and reading resources.
- The school achieved high FSA rankings amongst neighboring schools in Reading, Math & Science.
- Students participated in the Mater Inc. Spelling Bee.
- Students participated in "Hour of Code" a worldwide effort to celebrate computer science, starting with 1-hour coding activities and expanding to all sorts of community efforts.
- Students participated in the "Do the Right Thing" program, as well as the Bullying Prevention Week activities
- Students 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, and playing college trivia activities.
- Students participated in school-wide campaigns and elections through the Student Council program
- 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.
- Students created original art pieces and displayed them in the Art Fair.

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 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.

### **School Location**

During 2017-2018, the School continued to operate from its facilities located at 7700 NW 98<sup>th</sup> Street and 8003 NW 103<sup>rd</sup> 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 \$4,332,571. The fund balance unassigned and available for spending at the School's discretion is \$4,202,355. 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, 2018 amounts to \$1,751,547 (net of accumulated depreciation). This investment in capital assets includes land, improvements, software, 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 Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
Capital grants and contributions	\$ 660,082	\$ 657,412	\$ 656,227
Federal sources	1,027,080	1,067,880	1,095,645
Lunch program fees	800	820	839
General Revenues			
FTE and other non specific revenues	8,022,400	8,023,500	8,024,622
Charges and other revenues	170,308	178,650	179,530
Total Revenues	<u>\$ 9,880,670</u>	<u>\$ 9,928,262</u>	<u>\$ 9,956,863</u>
<b>CURRENT EXPENDITURES</b>			
Instruction	\$ 4,735,819	\$ 4,388,040	\$ 4,433,773
Student support services	7,000	6,500	6,161
Instructional staff training	15,000	12,359	11,873
Board	80,000	63,987	61,144
School administration	884,064	850,120	844,420
Fiscal services	181,000	180,700	180,600
Food services	500,000	536,820	465,821
Central services	205,000	204,000	203,903
Operation of plant	2,315,614	1,837,532	1,802,191
Maintenance of plant	335,000	331,000	330,795
Administrative technology services	43,600	42,000	41,018
Total Current Expenditures	<u>\$ 9,302,097</u>	<u>\$ 8,453,058</u>	<u>\$ 8,381,699</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, 2018

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 578,926
Investments	4,110,000
Prepaid expenses	130,216
Due from other agencies	<u>21,255</u>
Total Current Assets	4,840,397
Deposits receivable	60,425
Due from other divisions of Mater Academy, Inc.	8,627,180
Capital assets	7,048,565
Less: accumulated depreciation	<u>(5,297,018)</u>
	<u>1,751,547</u>
Total Assets	<u>15,279,549</u>
<b><u>Deferred Outflows of Resources</u></b>	
	<u>-</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Salaries and wages payable	406,022
Accounts payable	<u>2,400</u>
Total Liabilities	408,422
<b><u>Deferred Inflows of Resources</u></b>	
	<u>-</u>
<b><u>Net Position</u></b>	
Net investment in capital assets and long term receivables	10,378,727
Unrestricted	<u>4,492,400</u>
Total Net Position	<u>\$ 14,871,127</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, 2018

FUNCTIONS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Governmental activities:</b>					
Instruction	\$ 4,680,688	\$ -	\$ 527,880	\$ -	\$ (4,152,808)
Student support services	6,161	-	-	-	(6,161)
Instructional staff training	11,873	-	-	-	(11,873)
Board	61,144	-	-	-	(61,144)
School administration	844,716	-	-	-	(844,716)
Facilities acquisition	67,534	-	-	-	(67,534)
Fiscal services	180,600	-	-	-	(180,600)
Food services	476,251	839	567,765	-	92,353
Central services	203,903	-	-	-	(203,903)
Operation of plant	1,880,802	90,042	-	656,227	(1,134,533)
Maintenance of plant	360,390	-	-	-	(360,390)
Administrative technology services	41,018	-	-	-	(41,018)
<b>Total governmental activities</b>	<b>\$ 8,815,080</b>	<b>\$ 90,881</b>	<b>\$ 1,095,645</b>	<b>\$ 656,227</b>	<b>\$ (6,972,327)</b>

General revenues:	
FTE and other nonspecific revenues	8,024,622
Interest and other revenue	89,488
	<u>1,141,783</u>
Change in net position	1,141,783
Net position, beginning	13,729,344
Net position, ending	<u>\$14,871,127</u>

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

MATER ACADEMY  
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Balance Sheet - Governmental Funds  
June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund (Non-Major)	Total Governmental Funds
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 479,522	\$ 99,404	\$ -	\$ 578,926
Investments	4,110,000	-	-	4,110,000
Due from other agencies	-	-	21,255	21,255
Due from fund	21,255	-	-	21,255
Prepaid expenses	130,216	-	-	130,216
Total Assets	<u>\$ 4,740,993</u>	<u>\$ 99,404</u>	<u>\$ 21,255</u>	<u>\$ 4,861,652</u>
<b><u>Deferred Outflows of Resources</u></b>				
	-	-	-	-
<b><u>Liabilities</u></b>				
Salaries and wages payable	406,022	-	-	406,022
Accounts payable	2,400	-	-	2,400
Due to fund	-	-	21,255	21,255
Total Liabilities	<u>408,422</u>	<u>-</u>	<u>21,255</u>	<u>429,677</u>
<b><u>Deferred Inflows of Resources</u></b>				
	-	-	-	-
<b><u>Fund balance</u></b>				
Nonspendable, not in spendable form	\$ 130,216	\$ -	\$ -	\$ 130,216
Assigned	-	99,404	-	99,404
Unassigned	4,202,355	-	-	4,202,355
	<u>\$ 4,332,571</u>	<u>\$ 99,404</u>	<u>\$ -</u>	<u>\$ 4,431,975</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 4,740,993</u>	<u>\$ 99,404</u>	<u>\$ 21,255</u>	<u>\$ 4,861,652</u>

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

MATER ACADEMY  
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Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2018

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Total Fund Balance - Governmental Funds \$ 4,431,975

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

Capital assets of \$7,048,565 net of accumulated depreciation of \$5,297,018 used in governmental activities are not financial resources and therefore are not reported in the fund. 1,751,547

Long term receivables and deposits in governmental activities are not financial resources and therefore are not reported in the governmental funds. 8,687,605

Total Net Position - Governmental Activities \$ 14,871,127

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

MATER ACADEMY  
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Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the year ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund (Non-Major)	Total Governmental Funds
<b>Revenues:</b>				
State capital outlay funding	\$ -	\$ -	\$ 380,194	\$ 380,194
State passed through local	8,024,622	-	-	8,024,622
Local capital improvement revenue	-	-	276,033	276,033
Federal sources	-	1,095,645	-	1,095,645
Charges and other revenue	179,530	839	-	180,369
<b>Total Revenues</b>	<b>8,204,152</b>	<b>1,096,484</b>	<b>656,227</b>	<b>9,956,863</b>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	3,909,766	524,007	-	4,433,773
Student support services	6,161	-	-	6,161
Instructional staff training	11,873	-	-	11,873
Board	61,144	-	-	61,144
School administration	840,547	3,873	-	844,420
Fiscal services	180,600	-	-	180,600
Food services	-	465,821	-	465,821
Central services	203,903	-	-	203,903
Operation of plant	1,145,964	-	656,227	1,802,191
Maintenance of plant	330,795	-	-	330,795
Administrative technology services	41,018	-	-	41,018
<b>Capital Outlay:</b>				
Other capital outlay	263,719	3,379	-	267,098
<b>Total Expenditures</b>	<b>6,995,490</b>	<b>997,080</b>	<b>656,227</b>	<b>8,648,797</b>
Excess (deficit) of revenues over expenditure	1,208,662	99,404	-	1,308,066
<b>Other financing sources (uses)</b>				
Transfers in (out)	-	-	-	-
Long term advances to other divisions, net	(300,000)	-	-	(300,000)
Net change in fund balance	908,662	99,404	-	1,008,066
Fund Balance at beginning of year	3,423,909	-	-	3,423,909
Fund Balance at end of year	\$ 4,332,571	\$ 99,404	\$ -	\$ 4,431,975

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



MATER ACADEMY  
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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, 2018

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Net Change in Fund Balance - Governmental Funds \$ 1,008,066

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 \$267,098 exceeded depreciation expense of \$433,381. (166,283)

Increase in long term receivables and deposits 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 \$300,000 exceeded collections of \$0 in the current period. 300,000

Change in Net Position of Governmental Activities \$ 1,141,783

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

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expired on June 30, 2018 and was renewed for a new 15-year term through June 30, 2033. It can be renewed for additional terms in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Hialeah Gardens, Florida for students from kindergarten through fifth grade. These financial statements are for the year ended June 30, 2018, when on average 1,111 students were enrolled for the school year.

Basis of Presentation

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

Government-wide and Fund Financial Statements

*Government-wide Financial Statements*

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not included with program revenues are reported as general revenues.

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

*Fund Financial Statements*

Fund financial statements are provided for governmental and fiduciary funds. 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. The School reports the following major governmental funds with all other non-major funds aggregated in a single column 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 the federal lunch program and other grants that are legally restricted to expenditures for particular purposes.

Additionally, the School reports separately the following fiduciary fund types:

*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. This Fund had no ending balance at year end.

Measurement Focus and Basis of Accounting

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

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

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

Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

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

Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

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

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School has adopted GASB Codification Section 3100 *Fair Value Measurement and Application* (see Note 2).

Inter-fund Transfers

Inter-fund receivables/payables ("due from/to") are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

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 a \$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	10-39 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 receive one day per month up to ten days of active work during the ten-month period (a "benefit year"). In the event that available time is not used by the end of the benefit year, employees may "rollover" all unused days for use in future benefit years. Employees may "cash out" unused sick days, however, employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

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

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

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

Revenue Sources

Revenues for current operations are received primarily from the state through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports 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.

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. In addition, the School receives a portion of the local capital improvement ad valorem tax revenues levied by the District.

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

Net position and Fund Balance Classification

*Government-wide financial statements*

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

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

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

*Fund financial statements*

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

- a) Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- b) Restricted – this classification includes fund balance category amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. 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. The assigned fund balance pertains to the School's NSLP.
- 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 unassigned 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 September 4, 2018, which is the date the financial statements were available to be issued.

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

Use of Estimates

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

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

Deposits

The School maintains its cash and cash equivalents in two financial institutions. As of June 30, 2018, the School's deposits consisted of cash balances of \$603,288.

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, 2018, bank balances in potential excess of FDIC coverage was \$645,163; including fiduciary account bank balances.

Investments

The School categorizes its fair value measurements within the fair value hierarchy established by GASB Codification Section 3100 *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

At June 30, 2018, the School has the following recurring fair value measurements:

- Government money market mutual fund of \$4,550,000 valued using Level 2 inputs.

The government money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of January 31, 2018, maturities of the fund's portfolio holdings are approximately 59% within 30 days.

Credit Risk

*Concentration of credit risk* is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's.



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

*Custodial credit risk* is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2018, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

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

**Note 3 –Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2018:

	Balance 07/01/17	Additions	Reclassification	Balance 06/30/18
Capital Assets, non-depreciable:				
Land	\$ 5,450	\$ -	\$ -	\$ 5,450
Building improvements under construction	23,080	19,163	-	42,243
Capital assets, depreciable:				
Buildings and Improvements	4,484,799	42,358	-	4,527,157
Computer equipment and software	843,959	59,674	-	903,633
Furniture, equipment and textbooks	1,424,179	145,903	-	1,570,082
Total Capital Assets	<u>\$ 6,781,467</u>	<u>\$ 267,098</u>	<u>\$ -</u>	<u>\$ 7,048,565</u>
Less Accumulated Depreciation:				
Buildings and improvements	\$(2,988,044)	\$ (148,716)	\$ -	\$(3,136,760)
Computer equipment and software	(481,165)	(122,283)	-	(603,448)
Furniture, equipment and textbooks	(1,394,428)	(162,382)	-	(1,556,810)
Total Accumulated Depreciation	<u>(4,863,637)</u>	<u>(433,381)</u>	<u>-</u>	<u>(5,297,018)</u>
Capital Assets, net	<u>\$ 1,917,830</u>	<u>\$ (166,283)</u>	<u>\$ -</u>	<u>\$ 1,751,547</u>

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

For the fiscal year ended June 30, 2018, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	246,915
School administration		296
Food services		10,430
Facilities acquisition		67,534
Maintenance of plant		29,595
Operation of plant		78,611
Total Depreciation Expense	\$	<u>433,381</u>

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

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

The agreement is with Mater Academy, Inc. for a period of five years, through June 30, 2021, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2018, the School incurred \$499,725 in fees related to this agreement.

Mater Academy  
(A Charter School under Mater Academy, Inc.)  
Notes to Financial Statements  
June 30, 2018

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**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. The following schedule provides a summary of changes in long-term advances for the year ended June 30, 2018:

	Balance 07/01/17	Disbursements	Collections	Balance 06/30/18
Mater Academy, Inc. - Corporate account	7,888,756	\$ 300,000	\$ -	8,188,756
Mater Academy Bay	438,424	-	-	438,424
Total Long Term Receivables	<u>\$8,327,180</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$8,627,180</u>

Mater Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. Mater Academy paid Mater Academy, Inc. approximately \$166,575 in connection with these charges during the year.

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

Site I

The School entered into a lease agreement with Palmetto Park, Inc., for its 29,550 square feet 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.

Site II

Mater Academy, Inc. entered into a lease agreement with 8003 Foundation, Inc., a not-for-profit supporting organization of Mater Academy, Inc. under Section 509(a)(3) of the Internal Revenue Code.

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

This lease provides the School and Mater Academy Middle School (another school under Mater Academy, Inc.) with the use of two buildings totaling 50,000 square feet. Initial fixed annual payments under this agreement (based on \$20 per square foot) are \$1,000,000 (shared between both Schools) adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance (these costs will be shared between the two schools). 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. The lease contains other requirements and covenants such as maintaining a “Lease Payment Coverage Ratio” of not less than 1.05 to 1.00.

8003 Foundation, Inc. has a note payable on the property. Mater Academy, Inc. is a guarantor under the note up to a maximum amount of \$11,400,000.

For 2018, rent expense totaled \$1,053,749. As of June 30, 2018, the School had approximately \$43,227 in prepaid rent.

Future minimum payments under both lease agreements are as follows:

<u>Year</u>		
2019	\$	2,490,474
2020	\$	2,490,474
2021	\$	1,881,002
2022	\$	1,027,742
2023	\$	1,027,742
2024-2028	\$	5,138,708 (total for five-year period)
2029-2033	\$	5,138,708 (total for five-year period)
2034	\$	1,027,742 (total for one year)

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

Contingencies and Concentrations

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

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of up to 2% of the qualifying revenues of the School. For the year ended June 30, 2018, administrative fees withheld by the School District totaled \$36,321.

**Note 7 – Risk Management**

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

**Note 8 – Defined Contribution Retirement Plan**

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), for the 2017-2018 school year the School approved a match of 100% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$55,258 for the year ended June 30, 2018. The School does not exercise any control or fiduciary responsibility over the Plan's assets, which are administered by Voya Financial.

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, 2018

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 8,022,400	\$ 8,023,500	\$ 8,024,622
Charges and other revenue	170,308	178,650	179,530
Total Revenues	<u>8,192,708</u>	<u>8,202,150</u>	<u>8,204,152</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	4,211,689	3,863,910	3,909,766
Student support services	7,000	6,500	6,161
Instructional Staff Training	15,000	12,359	11,873
Board	80,000	63,987	61,144
School Administration	880,314	846,370	840,547
Fiscal Services	181,000	180,700	180,600
Central Services	205,000	204,000	203,903
Operation of Plant	1,655,532	1,180,120	1,145,964
Maintenance of Plant	335,000	331,000	330,795
Administrative technology services	43,600	42,000	41,018
Total Current Expenditures	<u>7,614,135</u>	<u>6,730,946</u>	<u>6,731,771</u>
Excess of Revenues Over Current Expenditures	<u>578,573</u>	<u>1,471,204</u>	<u>1,472,381</u>
Capital Outlay	<u>270,700</u>	<u>264,543</u>	<u>263,719</u>
Total Expenditures	<u>7,884,835</u>	<u>6,995,489</u>	<u>6,995,490</u>
Excess of Revenues Over Expenditures	307,873	1,206,661	1,208,662
Other financing sources (uses):			
Transfers in (out)	-	-	-
Long term advances to other divisions, net	-	(300,000)	(300,000)
Net change in fund balance	307,873	906,661	908,662
Fund Balance at beginning of year	<u>3,423,909</u>	<u>3,423,909</u>	<u>3,423,909</u>
Fund Balance at end of year	<u>\$ 3,731,782</u>	<u>\$ 4,330,570</u>	<u>\$ 4,332,571</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, 2018

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Federal sources	\$ 1,027,080	\$ 1,067,880	\$ 1,095,645
Charges for services	800	820	839
Total Revenues	<u>1,027,880</u>	<u>1,068,700</u>	<u>1,096,484</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	524,130	524,130	524,007
School administration	3,750	3,750	3,873
Food services	<u>500,000</u>	<u>536,820</u>	<u>465,821</u>
Total Current Expenditures	<u>1,027,880</u>	<u>1,064,700</u>	<u>993,701</u>
Excess of Revenues Over Current Expenditures	-	4,000	102,783
Capital Outlay	-	4,000	3,379
Total Expenditures	<u>1,027,880</u>	<u>1,068,700</u>	<u>997,080</u>
Excess of Revenues Over Expenditures	-	-	99,404
Other financing sources (uses)			
Transfers in (out)	-	-	-
Net change in fund balance	-	-	99,404
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,404</u>

Notes to Budgetary Comparison Schedule

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



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

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Board of Directors of  
Mater Academy  
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, each major fund, and the aggregate remaining fund information of Mater Academy (the "School"), as of, and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 4, 2018.

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

Compliance and Other Matters

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

We issued a separate management letter dated September 4, 2018 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.

*HeB Griner UP*  
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 4, 2018

Board of Directors of  
Mater Academy  
Hialeah Gardens, Florida

### **Report on the Financial Statements**

We have audited the financial statements of Mater Academy as of and for the fiscal year ended June 30, 2018 and have issued our report thereon dated September 4, 2018.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General

### **Other Reports and Schedules**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 4, 2018, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

There were no findings and recommendations made in the preceding audit report.

### **Official Title**

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

### **Financial Condition**

Section 10.854(1)(e)2, Rules of the Auditor General, requires that we report the results of our determination as to whether or not Mater Academy 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.

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Mater Academy. 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 report the results of our determination as to 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 have the following recommendation:

#### **ML – 2018-01 INTERNAL ACCOUNT – BANK RECONCILIATION**

- Criteria:** The School designed and implemented an internal control system to reduce the risk of misappropriation of assets and/or cash receipts by establishing a general policy regarding bank reconciliations as detailed in the School's "Internal Accounts – Policies and Procedures" handbook.
- Condition:** We noted several old outstanding items in the bank reconciliation that have not been timely reviewed or investigated.
- Cause:** The condition results from school personnel not consistently adhering to the policies and procedures regarding bank reconciliations.
- Effect:** Failure to perform the procedures mentioned above could result in potential errors or misappropriation of funds.
- Recommendation:** We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all bank accounts are properly reconciled and that any discrepancies or unreconciled items are timely identified, reviewed, and corrected.

Views of  
Responsible  
Officials:

See attached management response.

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

**Purpose of this Letter**

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

*Heb Granen, CPA*  
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 4, 2018

**Mater Academy**

September 4, 2018

HLB Gravier, LLP  
396 Alhambra Circle, 9<sup>th</sup> Floor  
Coral Gables, FL 33134

**RE: MANAGEMENT'S RESPONSE TO AUDITOR'S RECOMMENDATION**

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

**ML 18-01 – INTERNAL ACCOUNT DEPOSITS**

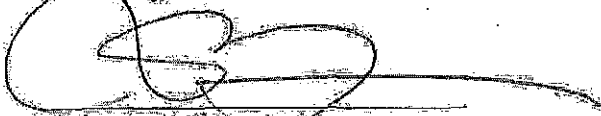
**Recommendation**

We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all bank accounts are properly reconciled and that any discrepancies or unreconciled items are timely identified, reviewed, and corrected.

**Management's Response**

Management will adhere to auditor's recommendation and enforce adherence to established internal controls policies and procedures. Bank accounts shall be properly reconciled each month, and any discrepancies or unreconciled items identified shall be reviewed and corrected as applicable. The school principal will also monitor the treasurer's performance and ensure compliance with established policies.

Sincerely,



Roberto C. Blanch  
President, Mater Academy, Inc.



Cecilia Guilarte  
School Principal, Mater Academy