

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

Hialeah, Florida

Financial Statements And  
Independent Auditors' Report

June 30, 2008

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MATER ACADEMY LAKES HIGH SCHOOL  
9010 NW 178 Lane  
Hialeah, FL 33018

2007-2008

Board of Directors

Antonio Roca, Esq, Chairman and President  
Shannine Sadesky  
Juan Garcia  
Roberto Blanch  
Elizabeth Nuevo

School Administration

Rene Rovirosa, Vice President and Principal

Other Non-voting Corporate Officers

Lourdes Marrero, Vice President  
Judith Marty, Vice President  
Beatriz Riera, Vice President  
David Calvo, Vice President  
Kim Guilarte, Vice President

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CERTIFIED PUBLIC ACCOUNTANTS  
A LIMITED LIABILITY PARTNERSHIP OF PROFESSIONAL ASSOCIATIONS

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mater Academy Lakes High School  
Hialeah, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Mater Academy Lakes High School (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, 2008, which collectively comprises the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Mater Academy Lakes High School at June 30, 2008, 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.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Mater Academy Lakes High School, as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2008, 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.

The management's discussion and analysis and the budgetary comparison information on pages 4 through 8 and 21 through 22, respectively, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Shawin & Associates, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 27, 2008

**Management's Discussion and Analysis**  
Mater Academy Lakes High School  
(A Charter school Under Mater Academy, Inc.)  
June 30, 2008

The corporate officers of Mater Academy Lakes High School have prepared this narrative overview and analysis of the school's financial activities for the period ended June 30, 2008.

**Financial Highlights**

1. The assets of the School exceeded its liabilities at June 30, 2008 by \$450,014 (net assets).
2. At year-end, the School had current assets on hand of \$495,866.
3. The net assets of the School increased by \$ 236,343 during the year.

**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, 2008 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

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

The *Statement of Net Assets* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net assets*. Over time increases or decreases in net assets may serve as an indicator of whether the financial position of the School is improving or deteriorating.

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

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

### *Fund Financial Statements*

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

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

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

The basic governmental fund financial statements can be found on pages 11 - 14 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 15 - 20 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by \$450,014 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2008 follows:

	<u>2008</u>	<u>2007</u>
Cash	\$ 360,350	\$ 230,556
Due from other governmental agencies	109,237	140,033
Prepaid expenses	19,279	-
Capital assets	<u>114,834</u>	<u>36,655</u>
Total Assets	<u>\$ 603,700</u>	<u>\$ 407,244</u>
Accounts Payable and Accrued Liabilities	72,750	68,635
Deferred Revenue	<u>83,960</u>	<u>124,938</u>
Total Liabilities	<u>\$ 156,710</u>	<u>\$ 193,573</u>
Invested in Capital Assets, net of related debt	\$ 114,834	\$ 36,655
Unrestricted	<u>355,180</u>	<u>177,016</u>
Total Net Assets	<u>\$ 450,014</u>	<u>\$ 213,671</u>

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

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2008 and 2007 follows.

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Program Revenues		
Capital Outlay	\$ 182,802	\$ 117,162
Federal Sources	20,611	101,556
General Revenues		
Government Grants Not Restricted to Specific Programs	1,309,257	632,982
Other	<u>2,319</u>	<u>274</u>
Total Revenues	<u>\$ 1,514,989</u>	<u>\$ 851,974</u>
<b>EXPENSES</b>		
Component Unit Activities:		
Instruction	\$ 572,298	\$ 260,896
Instructional Staff Training Services	2,627	400
Board	16,057	1,677
School Administration	260,728	90,978
Fiscal Services	36,476	46,702
Central Services	30,144	17,324
Maintenance of Plant	14,796	19,705
Operation of Plant	<u>345,520</u>	<u>200,621</u>
Total Expenses	<u>1,278,646</u>	<u>638,303</u>
Increase in Net Assets	236,343	213,671
Net Assets at Beginning of Year	<u>213,671</u>	<u>-</u>
Net Assets at End of Year	<u>\$ 450,014</u>	<u>\$ 213,671</u>

The School's revenue increased by \$ 663,015 in the current year, while expenses increased by \$640,343. The most significant increase was an increase in FTE sources due to increased enrollment. In addition, the school increased its cash by \$ 129,794. The School had an increase in its net assets of \$450,014 for the year.

### **Accomplishments**

In 2008, Mater Academy Lakes High School completed its second year of operation, and earned a letter grade of "C," improving a letter grade from the previous school year. The School received the Superintendent's Silver Award for Notable School Performance, and was recognized in a School Board of Miami-Dade County meeting by School Board Member Mrs. Perla Tabares Hantman.

Mater Academy Lakes High School provides its students with a rigorous college preparatory curriculum, as well as extra-curricular activities, including team sports and clubs. In its first ever year of Athletics, the Volleyball, Basketball and Soccer teams all had winning records. The National Honor Society members were recognized for reading books to hospitalized children in February. Mater Lakes High also received a recognition award from the United Way Campaign for meeting 100% of its goal in its fundraising efforts.



## 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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental fund reported a fund balance of \$495,866.

### Capital Assets

The School's investment in capital assets as of June 30, 2008 amounts to \$114,834 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and computer equipment.

### Governmental Fund Budget Analysis and Highlights

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

	Governmental Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
Capital Outlay Funding	\$ 104,000	\$ 150,000	\$ 182,802
Other Revenues	139,960	105,000	20,611
General Revenues			
FTE Nonspecific Revenues	592,000	1,224,000	1,309,257
Other Revenues	-	-	2,319
Total Revenues	\$ 835,960	\$ 1,479,000	\$ 1,514,989
<b>CURRENT EXPENDITURES</b>			
Instruction	217,000	555,000	551,194
Instructional staff training services	500	2,500	2,627
Board	-	17,000	16,057
School administration	75,000	260,000	260,728
Fiscal services	25,000	30,000	36,475
Central services	23,400	30,000	30,144
Operation of plant	235,000	345,000	344,844
Maintenance of plant	24,200	3,500	14,083
Total Current Expenditures	\$ 600,100	\$ 1,243,000	\$ 1,256,152

**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, 6361 Sunset Drive, Miami, Florida, 33143.

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

STATEMENT OF NET ASSETS  
June 30, 2008

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**Assets**

Current Assets:

Cash	\$	360,350
Due from other government agencies		109,237
Prepaid expenses		19,279
		<u>488,866</u>

Capital assets, depreciable		151,041
Less accumulated depreciation		(36,207)
		<u>114,834</u>

Total Assets \$ 603,700

**Liabilities and Net Assets**

Current Liabilities:

Accounts payable	\$	18,343
Accrued liabilities		51,383
Deferred revenue		83,960
Total Liabilities		<u>153,686</u>

Net Assets:

Invested in capital assets		114,834
Unrestricted		335,180
Total Net Assets		<u>450,014</u>

Total Liabilities and Net Assets \$ 603,700

The accompanying notes are an integral part of this financial statement

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

STATEMENT OF ACTIVITIES  
For the year ended June 30, 2008

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 572,298	\$ -	\$ 20,611	\$ -	(551,687)
Instructional staff training	2,627	-	-	-	(2,627)
Board	16,057	-	-	-	(16,057)
School administration	260,728	-	-	-	(260,728)
Fiscal services	36,476	-	-	-	(36,476)
Central services	30,144	-	-	-	(30,144)
Maintenance of plant	14,796	-	-	-	(14,796)
Operation of Plant	345,520	-	-	182,802	(162,718)
<b>Total Governmental Activities</b>	<u>1,278,646</u>	<u>-</u>	<u>20,611</u>	<u>182,802</u>	<u>(1,075,233)</u>
General revenues:					
FTE nonspecific revenues					1,309,257
Other revenue					<u>2,319</u>
Change in net assets					236,343
Net assets, beginning					<u>213,671</u>
Net assets, ending					<u>\$ 450,014</u>

The accompanying notes are an integral part of this financial statement

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

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2008

	General Fund	Special Revenue	Total Governmental
		Fund	Funds
<b><u>Assets</u></b>			
Cash	\$ 360,350	\$ -	\$ 360,350
Due from other government agencies	25,277	83,960	109,237
Prepaid expenses	19,279	-	19,279
Total Assets	<u>\$ 404,906</u>	<u>\$ 83,960</u>	<u>\$ 488,866</u>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 18,343	\$ -	\$ 18,343
Accrued liabilities	51,383	-	51,383
Deferred revenue	-	83,960	83,960
Total Liabilities	<u>69,726</u>	<u>83,960</u>	<u>153,686</u>
<b><u>Fund balance</u></b>			
Unreserved	335,180	-	335,180
	<u>335,180</u>	<u>-</u>	<u>335,180</u>
Total Liabilities and Fund Balance	<u>\$ 404,906</u>	<u>\$ 83,960</u>	<u>\$ 488,866</u>

The accompanying notes are an integral part of this financial statement

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

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
For the year ended June 30, 2008

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Total Fund Balance - Governmental Funds \$ 335,180

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

Capital assets of \$151,042 net of accumulated depreciation of \$36,208 used in governmental activities are not financial resources and therefore are not reported in the fund. 114,834

Total Net Assets - Governmental Activities \$ 450,014

The accompanying notes are an integral part of this financial statement

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the year ended June 30, 2008

	Special Revenue		Total
	General Fund	Fund	Governmental Funds
Revenues:			
Local sources	\$ 1,309,257	\$ -	\$ 1,309,257
Capital outlay	-	182,802	182,802
Federal sources	-	20,611	20,611
Other revenue	2,319	-	2,319
Total Revenues	<u>1,311,576</u>	<u>203,413</u>	<u>1,514,989</u>
Expenditures:			
Current			
Instruction	530,583	20,611	551,194
Instructional staff training services	2,627	-	2,627
Board	16,057	-	16,057
School administration	260,728	-	260,728
Fiscal services	36,475	-	36,475
Central services	30,144	-	30,144
Maintenance of plant	14,083	-	14,083
Operation of Plant	162,042	182,802	344,844
Capital outlay:			
Other capital outlay	100,673	-	100,673
Total Expenditures	<u>1,153,412</u>	<u>203,413</u>	<u>1,356,825</u>
Excess of Revenues Over Expenditures	158,164	-	158,164
Other financing sources	-	-	-
Net change in fund balance	158,164	-	158,164
Fund Balance at beginning of year	177,016	-	177,016
Fund Balance at end of year	<u>\$ 335,180</u>	<u>\$ -</u>	<u>\$ 335,180</u>

The accompanying notes are an integral part of this financial statement

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
For the year ended June 30, 2008

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Change in Fund Balance - Governmental Funds \$ 158,164

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 \$100,673 differed from depreciation expense of \$22,494.

78,179

Change in Net Assets of Governmental Activities

\$ 236,343

The accompanying notes are an integral part of this financial statement



MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

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**Note 1 – Organization and Operations**

Mater Academy Lakes High School (the "School"), is a charter school under Mater Academy, Inc., a not-for-profit corporation organized in the State of Florida. The governing body of the School is the board of directors of Mater Academy, Inc., which also governs other various charter schools. The School operates under a charter granted by the sponsoring district, the District School Board of Miami-Dade County (the "District"). The current charter expires on June 30, 2016 and is renewable for an additional 15 years by a mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School is considered a component unit of such District. The School's temporary location is in Hialeah, Florida for children from ninth through twelfth grades and is funded by the District.

These financial statements are for the year ended June 30, 2008, when approximately 197 students were enrolled for the school year.

**Note 2 – Summary of Significant Accounting Policies**

Basis of presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits for States and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide and Fund Financial Statements

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information for the School as a whole. 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 which report fees; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

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**Note 2 – Summary of Significant Accounting Policies (continued)**

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general and special revenue 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 federal grants and capital outlay grants that are legally restricted to expenditures for particular purposes.

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) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues, they include grants and donations. On the accrual basis, revenues from grants and donations are recognized 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 current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. 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.

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

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**Note 2 – Summary of Significant Accounting Policies (continued)**

Cash

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Due from Other Governments or Agencies

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

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost 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:

Furniture and Equipment	5 Years
Textbooks	3 Years

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the school receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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.

Post-retirement Benefits

The School provides no post-retirement benefits to its employees.

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period. Employees wishing to carry forward unused days, at year-end, may do so. The employees may only cash out if they have used three days or less of their sick and personal days in that school year. The employees cannot cash out more than ten days per school year and are required to always maintain a minimum of ten days unused days. The cash out value is eighty percent of their daily rate.

Government Accounting Standards Board (GASB) Statement 16, Accounting for Compensated Absences, requires governmental agencies to record as a liability the vested and future rights to sick and/or vacation leave. Accordingly, the financial statements include an accrual for such vested rights.

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.

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.

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

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**Note 3 –Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2008:

	<u>Balance 7/1/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/08</u>
Capital Assets				
Furniture, equipment and textbooks	\$ 50,368	\$ 100,673	\$ -	\$ 151,041
Total Capital Assets	50,368	100,673		151,041
Less Accumulated Depreciation				
Furniture, equipment and textbooks	( 13,713)	( 22,494)	-	(36,207)
Total Accumulated Depreciation	( 13,713)	( 22,494)	-	(36,207)
Capital Assets, net	<u>\$ 36,655</u>	<u>\$ 78,179</u>	<u>\$ -</u>	<u>\$ 114,834</u>

Depreciation expense for the period ended June 30, 2008 was \$22,495 and is allocated in the Statement of Activities to instructional and plant operation expense.

**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 for a period of five years, through July 2011, with options to renew. During the year ended June 30, 2008, the School incurred approximately \$95,000, in management fees, of which the school had a prepaid of \$11,467 at year end.

Academica Dade, LLC is located at 6361 Sunset Drive, Miami, Florida 33143 and its officers are:

Fernando Zulueta, President  
Magdalena Fresen, Vice President  
Amy Nunez, Secretary

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

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**Note 5 – Transactions with Other Schools**

Mater Academy, Inc. operates various charter schools. During 2008, the School's facility was located in the premises of Mater Academy Gardens. The School entered into a usage agreement with Mater Academy Gardens (a charter school under Mater Academy, Inc.), which is renewed annually. The School incurred approximately \$68,000 in usage fees relating to this agreement and made payments directly to the landlord of approximately \$205,000. In addition, the school paid approximately \$25,000 and \$7,600 for use of certain staff and reimbursement of insurance expense to Mater Academy Gardens. It reimbursed approximately \$5,500 to Mater Academy Gardens Middle for the use of staff. Finally, the school's lunch program is provided by Mater Academy Gardens (a charter school under Mater Academy, Inc.).

**Note 6 – Deposits Policy and Credit Risk**

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments.

As of June 30, 2008, the carrying amount of the School's deposits was \$360,350 and the respective bank balances totaled \$118,005. Out of the total bank balances, \$100,000 was covered by the Federal Depository Insurance Corporation (FDIC). The School also had a balance of \$282,000 that was fully collateralized by U.S. Government obligations under a repurchase agreement with Wachovia Bank.

**Note 7 – Commitments and Contingencies**

The School received substantially all of its revenues from Federal and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies.

**Note 8 – Risk Management**

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

REQUIRED SUPPLEMENTARY INFORMATION

Mater Academy Lakes High School  
(A charter school under Mater Academy, Inc)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2008

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Capital outlay funding	\$ -	\$ -	\$ -
Local Sources	592,000	1,224,000	1,309,257
Interest and other revenues	-	-	2,319
<b>Total Revenues</b>	<u>\$ 592,000</u>	<u>\$ 1,224,000</u>	<u>\$ 1,311,576</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	\$ 77,040	\$ 450,000	\$ 530,583
Instructional Staff			
Training Services	500	2,500	2,627
Board	-	17,000	16,057
School Administration	75,000	260,000	260,728
Fiscal Services	25,000	30,000	36,475
Central Services	23,400	30,000	30,144
Operation of Plant	131,000	195,000	162,042
Maintenance of Plant	24,200	3,500	14,083
<b>Total Current Expenditures</b>	<u>356,140</u>	<u>988,000</u>	<u>1,052,739</u>
Excess of Revenues Over Current Expenditures	<u>235,860</u>	<u>236,000</u>	<u>258,837</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	100,000	100,000	100,673
<b>Total Capital Outlay and Debt Service Expenditures</b>	<u>100,000</u>	<u>100,000</u>	<u>100,673</u>
<b>Total Expenditures</b>	<u>456,140</u>	<u>1,088,000</u>	<u>1,153,412</u>
Excess of Revenues Over Expenditures	135,860	136,000	158,164
Fund Balance at beginning of year	1,409	177,160	177,016
<b>Fund Balance at end of year</b>	<u>\$ 137,269</u>	<u>\$ 313,160</u>	<u>\$ 335,180</u>



Mater Academy Lakes High School  
(A charter school under Mater Academy, Inc)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2008

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Capital outlay funding	\$ 104,000	\$ 150,000	\$ 182,802
County Funding	-	-	-
Local Sources	-	-	-
Federal Sources	139,960	105,000	20,611
Lunch Program	-	-	-
Total Revenues	243,960	255,000	\$ 203,413
<b>EXPENDITURES</b>			
Current:			
Instruction	\$ 139,960	\$ 105,000	\$ 20,611
Operation of Plant	104,000	150,000	182,802
Maintenance of Plant	-	-	-
Community Services	-	-	-
Total Current Expenditures	243,960	255,000	203,413
Excess of Revenues Over Current Expenditures	-	-	-
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	-	-	-
Total Capital Outlay and Debt Service Expenditures	-	-	-
Total Expenditures	243,960	255,000	203,413
Excess of Revenues Over Expenditures			
	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

# GRAVIER & Associates

CERTIFIED PUBLIC ACCOUNTANTS  
A LIMITED LIABILITY PARTNERSHIP OF PROFESSIONAL ASSOCIATIONS

## 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 Lakes High School  
Hialeah, Florida

We have audited the financial statements of Mater Academy Lakes High School (the "School") as of, and for the year ended June 30, 2008, and have issued our report thereon dated August 27, 2008. We conducted our audits 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.

### Internal Control Over Financial Reporting

In planning and performing our audits, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of management, the audit committee, the Auditor General of the State of Florida and the School Board of Miami-Dade County and is not intended to be and should not be used by anyone other than these specified parties.

*Graham & Associates, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 27, 2008

# GRAVIER

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## Associates

CERTIFIED PUBLIC ACCOUNTANTS

A LIMITED LIABILITY PARTNERSHIP OF PROFESSIONAL ASSOCIATIONS

### MANAGEMENT LETTER

Board of Directors of  
Mater Academy Lakes High School  
Hialeah, Florida

We have audited the accompanying basic financial statements of Mater Academy Lakes High School as of and for the year ended June 30, 2008 and have issued our report thereon dated August 27, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters dated August 27, 2008. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General which govern the conduct of charter school audits performed in the State of Florida and require that certain items be addressed in this letter. Those items, as outlined in Section 10.854, are as follows:

1. A statement as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.

The recommendations made in the preceding annual financial audit report have been corrected except as noted in item #3 below.

2. A statement as to whether the School has met one or more conditions described in Section 218.503 (1) Florida Statutes, and identification of the specific condition.

The School has not met one or more of the conditions described in Section 218.503 (1) Florida Statutes.

3. Recommendations to improve the School's present financial management, accounting procedures and internal controls.

**ML 08-01 CAPITAL ASSETS (Repeat observation from prior year)**

Observation

We noted that a periodic inventory of capital assets is not performed for the purpose of identifying serviceable assets and removing those that are obsolete or have been disposed of.

Recommendation

Although removing fully depreciated capital assets does not impact the reported net book value, the gross capital assets and accumulated depreciation account will continue to grow infinitely if a period "clean-out" is not performed. Management should consider implementing a physical inventory at least annually.

The following are recommendations to improve the School's financial management, accounting procedures and internal controls:

4. Violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial amounts that are less than material but more than inconsequential.

No such violations have been noted during the audit.

5. Matters that are inconsequential to the determination of financial statement amounts considering both quantitative and qualitative factors, including the following:
  - a. Violations of laws, rules, regulations and contractual provisions or abuse that have occurred, or are likely to have occurred,
  - b. Improper expenditures or illegal acts that would have an immaterial effect on the financial statements.
  - c. Control deficiencies that are not significant deficiencies, including, but not limited to:
    - i. Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements).
    - ii. Failures to properly record financial transactions.
    - iii. Inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

No such conditions were noted during the audit.

6. The name or official title of the School.

The name and title are disclosed in the accompanying financial statements.

7. A statement that the auditor applied financial condition assessment procedures pursuant to Rule 10.855(10).

We have applied such procedures and no deteriorating financial condition has been noted.

This report is intended solely for the information and use of management, the audit committee, the Auditor General of the State of Florida and the School Board of Miami-Dade County 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 27, 2008

**Mater Academy Lakes High School**

September 3, 2008

Gravier & Associates  
201 Alhambra Circle, Suite 901  
Coral Gables, FL 33134

**RE: MANAGEMENT'S RESPONSES TO AUDITOR'S RECOMMENDATIONS**

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

**PRIOR YEAR RECOMMENDATIONS**

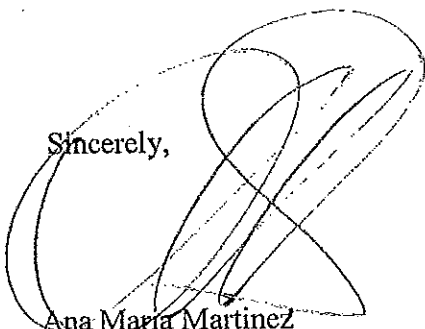
**08-01 Recommendation – Capital Assets**

Although removing fully depreciated capital assets does not impact the reported net book value, the gross capital assets and accumulated depreciation account will continue to grow infinitely unless a periodic "clean out" is not performed. Management should consider implementing a physical inventory at least annually.

**Management Response**

Management will follow the auditor's recommendation and implement and perform a "clean out" of obsolete or no longer in service assets during the School's annual physical inventory.

Sincerely,



Ana Maria Martinez

Authorized Signor for Mater Academy, Inc.