

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

Hialeah Gardens, Florida

Financial Statements And  
Independent Auditors' Report

June 30, 2012

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MATER ACADEMY HIGH SCHOOL  
7901 NW 103<sup>rd</sup> Street  
Hialeah Gardens, FL 33016

2011-2012

Board of Directors

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

School Administration

Judith Marty, Principal

Other Non-voting Corporate Officers

Antonio L. Roca, President

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mater Academy High School  
Hialeah Gardens, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of Mater Academy 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, 2012, which collectively comprises the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion 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. 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 High School at June 30, 2012, 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, 2012 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Mater Academy High School, as of June 30, 2012, 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 30, 2012, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 29 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*HUB Gravis, CP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 30, 2012

**Management's Discussion and Analysis**  
Mater Academy High School  
(A charter school under Mater Academy, Inc.)  
June 30, 2012

The corporate officers of Mater Academy High School have prepared this narrative overview and analysis of the school's financial activities for the fiscal ended June 30, 2012.

**Financial Highlights**

1. The assets of the School exceeded its liabilities at June 30, 2012 by \$8,144,170 (net assets).
2. At year-end, the School had current assets on hand of \$5,444,912.
3. The net assets of the School increased by \$ 27,563 during the year.
4. The unassigned fund balance at year end was \$4,077,088.

**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, 2012 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

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

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

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

The government-wide financial statements can be found on pages 11 - 12 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 13 - 17 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 18 - 28 of this report.

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

As noted earlier, net assets may serve over time as a useful indicator of a charter school’s financial position. In the case of the School, assets exceeded liabilities by \$8,144,170 at the close of the fiscal year. A summary of the School’s net assets as of June 30, 2012 follows:

	2012	2011
Cash	\$ 5,146,843	\$ 4,574,396
Due from other governmental agencies	-	15,102
Due from other schools	-	325,328
Prepaid expenses	267,631	98,255
Deposits receivable	30,438	30,438
Capital assets	3,253,709	3,595,488
Total Assets	<u>\$ 8,698,621</u>	<u>\$ 8,639,007</u>
Accounts payable and accrued liabilities	498,467	522,403
Due to other schools	55,984	-
Total Liabilities	<u>\$ 554,451</u>	<u>\$ 522,403</u>
Invested in capital Assets, net	\$ 3,253,709	\$ 3,595,488
Restricted	515,304	560,172
Unrestricted	4,375,157	3,960,944
Total Net Assets	<u>\$ 8,144,170</u>	<u>\$ 8,116,604</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, 2012 and 2011 follows.

	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>		
Program Revenues		
Capital outlay	\$ 865,912	\$ 1,232,971
Federal sources	378,369	438,770
Lunch program	373,903	397,628
Charges for services	782,515	270,261
General Revenues		
Government Grants Not Restricted to Specific Programs	7,858,698	8,809,856
Other	46,682	53,951
Total Revenues	<u>\$ 10,306,079</u>	<u>\$ 11,203,437</u>
<b>EXPENSES</b>		
Component Unit Activities:		
Instruction	\$ 5,421,228	\$ 5,708,277
Instructional media services	-	350
Instructional staff training services	27,347	34,570
Board	65,122	47,435
School administration	1,119,321	1,068,637
Facilities acquisition	138,201	139,771
Fiscal services	214,727	218,053
Central services	218,245	222,494
Food services	375,544	388,190
Pupil transportation services	-	191
Maintenance of plant	184,660	185,529
Operation of plant	2,514,121	2,483,849
Total Expenses	<u>10,278,516</u>	<u>10,497,346</u>
Increase in Net Assets	27,563	706,091
Net Assets at Beginning of Year	<u>8,116,607</u>	<u>7,410,513</u>
Net Assets at End of Year	<u>\$ 8,144,170</u>	<u>\$ 8,116,607</u>

The School's revenue and expenditures decreased by \$897,358 and \$218,830, respectively, due to lower state tax revenues resulting from an economic recession, for the 2011-2012 school year the State reduced public funding per student. For the 2012-2013 school year, the State appropriated a per student funding amount slightly larger than the amount appropriated for the 2011-2012 school year. The School had an increase in its net assets of \$27,563 for the year.



## Accomplishments

In 2012, Mater Academy High School completed its 10<sup>th</sup> year of operation, enrolling over 1,400 students in grades 9-12. Based on the points received under the State of Florida Accountability Program, Mater Academy High School ranked as one of the highest-performing public high schools in all of Miami-Dade County, and among the **TOP 10% of all public high schools in Florida**. It expects to receive a letter grade of “A,” for the 5<sup>th</sup> consecutive year.

This past year was filled with much success for Mater Academy High School and its students. For the 5th consecutive year, the school was designated as “One of the Nation’s Top High Schools” in U.S. News & World Report magazine’s publication of “America’s Best High Schools.” Similarly, Newsweek magazine listed Mater Academy High School in the top 1% of approximately 18,000 public high schools in the nation for the 5th consecutive year.

Mater Academy High School’s Class of 2012 graduation rate of 99% far exceeded the state and national average graduation rates, particularly among Hispanic students, which comprise the majority of Mater’s student body. Many of the students graduating received Florida Bright Futures Scholarships, which rewards students for their academic achievements during high school, by providing funding for them to pursue postsecondary educational and career goals in Florida. In addition, 34 Mater Academy High School students graduated with both a high school diploma and an Associates of Arts Degree from Miami-Dade College. Most impressively, Mater Academy High School students received over \$5,000,000 in scholarships to universities throughout the state and nation, and over 80% of the graduates have registered for college in the fall.

This past year, Mater High students were recognized for various accomplishments:

- The School had the highest number of students in Miami-Dade and Florida taking the Algebra I End of Course Exam, as well as one of the highest passing rates.
- The School was selected to present at the National Association of Secondary School Principals (NAASP) conference as a Breaking Ranks School.
- One high school student was selected to be a Student Advisor to the College Board, and she presented twice throughout the year, as well as at the forum in October and the AP conference this July.
- The Mater High Chapter of Future Business Leaders of America (FBLA) was named Chapter of the Year, among over 20,000 chapters. A Mater student member of FBLA served as the District President for the Club and received the distinction of Who's Who in FBLA, the highest recognition given to an individual at a national level. The club also won First Place in the Local Annual Business Report, which ranked the group as #1 in the Nation in Parliamentary Procedures and Management and Information Systems.
- The Glee Club won various awards, and performed an incredible version of *Africa* at the Consortium award ceremony.
- The art work of several students won first and second place and were featured at the Lowes Art Museum and the Scholastic Art Awards.
- The Mater Lions Band was invited to perform at the Heritage Music Festival in Chicago, where they won several awards. (The Band successfully raised over \$20,000 to be able to fund the trip. The Band also performed a *Harry Potter*-themed Holiday show which was successful and well-attended.

- Mater High senior Albert Almora, who graduated with a 4.0 GPA, was selected as a first round draft for the Chicago Cubs. Seven other students received full athletic scholarships to 4-year universities.
- Mater High had students participating in the annual “Orgullo de Nuestra Juventud” (Pride of our Youth), a campaign sponsored by Univision 23 (WLTU) which is based on the ideal that “the future of our community lies in its youth, and those who shine brightest deserve to be recognized.”

Mater High students also participated in various community service projects throughout the year, such as the Hands in Action Club, where Mater High students “adopted” families from its sister school (Mater East Elementary) for the Holidays. The students donated over 1,000 items of food and hygiene products to the families, as well as holiday gifts. Hands in Action also raised over 5,000 pairs of jeans for Teens for Jeans. In addition, the Spanish Honor Society sponsored the third “Quinceaneras Party” for students whose families cannot afford hold such an event for daughters who are turning 15 years old. Students also participated in school-based musical productions, including *Willy Wonka!*, *Grease*, the Variety Show, the Winter Holiday Extravaganza, and the Spring Variety Show.

Mater Academy High School has been featured as the Springboard National Demonstration School and it received the Gold Seal of Excellence School Award from the National Association for Secondary School Principals. Most notably, Mater Academy High School was presented with the 2011 “Inspiration Award” from the College Board. Each spring the College Board presents Inspiration Awards to three of America's most improved secondary schools. These schools are recognized for their outstanding college-preparation programs and partnerships among teachers, parents and community organizations. The Inspiration Awards also celebrate America’s most improved high schools. These schools help their students acquire self-confidence and the skills necessary not only to gain admission to college but also to succeed on campus. Winning secondary schools, such as Mater, demonstrate significant and consistent growth across the entire student population in the number of students taking rigorous courses and the percentage of graduates accepted to institutions of higher education.

As a member of the Mater Academy network of charter schools, Mater Academy is part the accredited Mater District by AdvancED (formerly the Southern Association of Colleges and Schools).

## **FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

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

At the end of the fiscal year, the School’s governmental general fund reported ending fund balance of \$4,890,461. The fund balance unassigned and available for spending at the School’s discretion is \$4,077,088. 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, 2012 amounts to \$3,253,709 (net of accumulated depreciation). This investment in capital assets includes building and improvements and furniture, equipment, and textbooks. The School has no outstanding debt associated to capital assets.

**Governmental Fund Budget Analysis and Highlights**

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

	Governmental Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
Capital Outlay Funding	\$ 637,875	\$ 866,000	\$ 865,912
Federal Sources	370,000	378,000	378,369
Lunch program	350,000	372,000	373,903
Charges for services	495,461	780,000	782,515
General Revenues			
FTE Nonspecific Revenues	8,475,076	7,850,000	7,858,698
Other Revenues	45,000	45,000	46,682
Total Revenues	\$ 10,373,412	\$ 10,291,000	\$ 10,306,079
<b>CURRENT EXPENDITURES</b>			
Instruction	\$ 5,320,000	\$ 5,144,000	\$ 5,138,086
Instructional staff training services	35,000	35,000	27,347
Board	75,000	75,000	65,122
School administration	1,200,000	1,120,000	1,112,751
Fiscal services	250,000	220,000	214,727
Food services	350,000	372,000	371,017
Central services	250,000	220,000	218,245
Operation of plant	2,046,765	2,425,000	2,413,347
Maintenance of plant	125,000	125,000	122,673
Total Current Expenditures	\$ 9,651,765	\$ 9,736,000	\$ 9,683,315

**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.

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

STATEMENT OF NET ASSETS  
June 30, 2012

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**Assets**

Current Assets:

Cash	\$ 5,146,843
Prepaid expenses	267,631
Deposits receivable	30,438
	<hr/>
	5,444,912

Capital assets, depreciable	6,587,085
Less accumulated depreciation	(3,333,376)
	<hr/>
	3,253,709

Total Assets \$ 8,698,621

**Liabilities and Net Assets**

Current Liabilities:

Accounts payable	\$ 68,106
Due to other schools	55,984
Accrued payroll liabilities	430,361
	<hr/>
Total Liabilities	554,451

Net Assets:

Invested in capital assets, net of related debt	3,253,709
Restricted by lease agreement	515,304
Unrestricted	4,375,157
	<hr/>
Total Net Assets	8,144,170

Total Liabilities and Net Assets \$ 8,698,621

The accompanying notes are an integral part of this financial statement

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

STATEMENT OF ACTIVITIES  
For the year ended June 30, 2012

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	\$ 5,421,228	\$211,069	\$ 378,369	\$ -	(4,831,790)
Instructional staff training	27,347	-	-	-	(27,347)
Board	65,122	-	-	-	(65,122)
School administration	1,119,321	-	-	-	(1,119,321)
Facilities acquisition	138,201	-	-	-	(138,201)
Fiscal services	214,727	-	-	-	(214,727)
Food services	375,544	34,938	338,965	-	(1,641)
Central services	218,245	-	-	-	(218,245)
Operation of Plant	2,514,121	562,008	-	865,912	(1,086,201)
Maintenance of plant	184,660	9,438	-	-	(175,222)
<b>Total Governmental Activities</b>	<u>10,278,516</u>	<u>817,453</u>	<u>717,334</u>	<u>865,912</u>	<u>(7,877,817)</u>

General revenues:	
FTE nonspecific revenues	7,858,698
Other revenue	<u>46,682</u>
Change in net assets	27,563
Net assets, beginning	<u>8,116,607</u>
Net assets, ending	<u>\$ 8,144,170</u>

The accompanying notes are an integral part of this financial statement

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

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2012

	General Fund	Special	Total Governmental
		Revenue Fund	Funds
<b><u>Assets</u></b>			
Cash	\$ 5,146,843	\$ -	\$ 5,146,843
Prepaid expenses	267,631	-	267,631
Deposits receivable	30,438	-	30,438
Total Assets	<u>\$ 5,444,912</u>	<u>\$ -</u>	<u>\$ 5,444,912</u>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 68,106	\$ -	\$ 68,106
Due to other schools	55,984	-	55,984
Accrued liabilities	430,361	-	430,361
Total Liabilities	<u>554,451</u>	<u>-</u>	<u>554,451</u>
<b><u>Fund balance</u></b>			
Nonspendable, not in spendable form	298,069	-	298,069
Restricted	515,304	-	515,304
Unassigned	4,077,088	-	4,077,088
	<u>4,890,461</u>	<u>-</u>	<u>4,890,461</u>
Total Liabilities and Fund Balance	<u>\$ 5,444,912</u>	<u>\$ -</u>	<u>\$ 5,444,912</u>

The accompanying notes are an integral part of this financial statement

MATER ACADEMY 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, 2012

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Total Fund Balance - Governmental Funds \$ 4,890,461

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

Capital assets of \$6,587,085 net of accumulated depreciation of \$3,333,376 used in governmental activities are not financial resources and therefore are not reported in the fund. 3,253,709

Total Net Assets - Governmental Activities \$ 8,144,170

The accompanying notes are an integral part of this financial statement



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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the year ended June 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
State passed through local	\$ 7,858,698	\$ -	\$ 7,858,698
State capital outlay funding	-	865,912	865,912
Federal grants	-	378,369	378,369
Federal lunch program	-	338,965	338,965
Student lunch fees	-	34,938	34,938
Usage fees charged	782,515	-	782,515
Other revenue	46,682	-	46,682
Total Revenues	<u>8,687,895</u>	<u>1,618,184</u>	<u>10,306,079</u>
Expenditures:			
Current			
Instruction	4,815,173	322,913	5,138,086
Instructional staff training services	27,347	-	27,347
Board	65,122	-	65,122
School administration	1,112,751	-	1,112,751
Fiscal services	214,727	-	214,727
Food services	-	371,017	371,017
Central services	218,245	-	218,245
Maintenance of plant	122,673	-	122,673
Operation of Plant	1,547,435	865,912	2,413,347
Capital outlay:			
Other capital outlay	197,963	55,456	253,419
Total Expenditures	<u>8,321,436</u>	<u>1,615,298</u>	<u>9,936,734</u>
Excess of Revenues Over Expenditures	366,459	2,886	369,345
Other financing sources			
Transfers in and (out)	2,886	(2,886)	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	369,345	-	369,345
Fund Balance at beginning of year	4,521,116	-	4,521,116
Fund Balance at end of year	<u>\$ 4,890,461</u>	<u>\$ -</u>	<u>\$ 4,890,461</u>

The accompanying notes are an integral part of this financial statement

MATER ACADEMY 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, 2012

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Change in Fund Balance - Governmental Funds \$ 369,345

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 \$253,419 differed from depreciation expense of \$595,201.

(341,782)

Change in Net Assets of Governmental Activities

\$ 27,563

The accompanying notes are an integral part of this financial statement

MATER ACADEMY HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
Statement of Net Assets - Fiduciary Funds  
June 30, 2012

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	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash	<u>357,912</u>
Total Assets	<u><u>\$ 357,912</u></u>
<b><u>Liabilities</u></b>	
Due to students and clubs	<u>357,912</u>
Total Liabilities	<u>\$ 357,912</u>
<b><u>Net assets</u></b>	<u><u>\$ -</u></u>

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

### **Note 1 – Organization and Operations**

Mater Academy 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 expired on June 30, 2012 and was renewed subsequent to year end for an additional 15 years through June 30, 2027. 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 is located in Hialeah Gardens, Florida serving children from ninth through twelfth grade and is funded by the District.

These financial statements are for the year ended June 30, 2012, when an average of 1,432 students was 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. 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 which report 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 properly included with program revenues are reported as general revenues.

**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 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.

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

Measurement Focus and Basis of Accounting

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

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to GASB Codification Section 1600.111 and Section N50 *Accounting and Financial Reporting for Non-Exchange Transactions*. 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. 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. 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.

**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:

Building and improvements	20-39 Years
Furniture and equipment	5 Years
Textbooks and software	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 FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made. In addition, the school receives an annual allocation of charter school capital outlay funds for leasing of school facilities.

**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.

Compensated Absences

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

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

Income Taxes

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

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 30, 2012, which is the date the financial statements were available to be issued.

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

Net assets and Fund balance classifications

*Government-wide financial statements*

Equity is classified as net assets and displayed in three (3) components:

- a) Invested in capital assets, net of related debt - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net assets - consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments. Restricted net assets of the School relate to reserves required by the landlord for property maintenance and repairs.
- c) Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund financial statements*

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

- a) Nonspendable - 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. All nonspendable fund balances at year end relate to not in spendable form assets.
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted fund balance of the School relate to reserves required by the landlord for property maintenance and repairs.
- 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 are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications



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

Order of Fund Balance Spending Policy

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

Use of Estimates

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

**Note 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, 2012:

	Balance 07/1/11	Additions	Retirements	Balance 06/30/12
<u>Capital Assets</u>				
Computer equipment and software	\$ 376,113	\$ 61,273	\$ -	\$ 437,386
Audiovisual equipment	122,027	6,707	-	128,734
Building Improvements	3,046,565	67,246	-	3,113,811
Furniture, equipment and textbooks	2,788,961	118,193	-	2,907,154
Total Capital Assets	<u>6,333,666</u>	<u>253,419</u>	<u>-</u>	<u>6,587,085</u>
Less Accumulated Depreciation				
Computer equipment and software	(157,160)	(61,329)	-	(218,489)
Audiovisual equipment	(64,927)	(20,802)	-	(85,729)
Building Improvements	(418,262)	(63,550)	-	(481,812)
Furniture, equipment and textbooks	(2,097,829)	(449,517)	-	(2,547,346)
Total Accumulated Depreciation	<u>(2,738,178)</u>	<u>(595,197)</u>	<u>-</u>	<u>(3,333,376)</u>
Capital Assets, net	<u>\$ 3,595,488</u>	<u>\$ (341,779)</u>	<u>\$ -</u>	<u>\$3,253,709</u>

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

For the fiscal year ended June 30, 2012, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	283,140
School Administration		6,569
Facilities acquisition		138,201
Food services		4,527
Plant Maintenance		61,987
Operation of plant		100,773
Total Depreciation Expense	\$	<u>595,197</u>

**Note 4 –Management Agreement**

Academica Dade, LLC, a professional charter school management company, provides management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and the management company calls for a fee of \$450 per full time equivalent (FTE) student per year. The agreement is with Mater Academy, Inc. for a period of five years, through June 30, 2016, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2012, the School incurred approximately \$644,000 in management fees.

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

Fernando Zulueta, President

Ignacio Zulueta, Vice President

Magdalena Fresen, Vice President and Treasurer

Collette Papa, Secretary

**Note 5 –Related Party Transactions**

The School's facility is shared with Mater Academy Middle School and Mater Performing Arts and Entertainment Academy (charter schools under Mater Academy, Inc.). Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment.

**Note 5 – Related Party Transactions (continued)**

During 2012, the School reimbursed approximately \$200,000 to Mater Performing Arts and Entertainment Academy and received reimbursements from Mater Academy Middle School of approximately \$717,000 for certain personnel and facility costs. In addition, as of June 30, 2012, \$55,984 was due to Mater Academy Middle School in connection with shared personnel and rent expense.

The School's lunch program is shared with various schools. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements. In addition, Mater Academy Middle School and Mater Performing Arts and Entertainment Academy's student activities account is recorded in the School's books

The School has a usage agreement with Mater Performing Arts and Entertainment Academy (a charter school under Mater Academy, Inc.) for the use of the School's shared facilities. The School charges a flat fee based on a monthly student cost allocation ratio. The term of the agreement is through July 31, 2013, with an option to renew annually.

In addition, the School entered into a usage agreement with Mater Lakes Academy High School (a charter school under Mater Academy, Inc.) for the use of the School's facilities. The School charged a flat fee based on a student cost allocation ratio of approximately 186 students for a period of six months. The term of the agreement was through June 30, 2012. Total facility usage income earned during the year ending June 30, 2012 totaled \$782,515, of which approximately \$455,000 was attributable to rent expense.

Mater Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. Mater Academy High School paid Mater Academy, Inc. approximately \$68,000 in connection with these charges during the year.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2012, administrative fees withheld by the School District totaled \$26,649.

**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, 2012, the carrying amount of the School's deposits was \$5,146,843 and the respective bank balances totaled approximately \$5,280,000.

Under the Dodd-Frank Act, non-interest bearing deposits at FDIC-insured institutions are fully insured through December 31, 2012. All accounts held by the School are non-interest bearing and therefore fully insured by the FDIC as of June 30, 2012.

**Note 7 – Commitments and Contingencies**

The School entered into a lease and security agreement with School Development HG II, LLC for its 122,500 square feet building including all ancillary facilities, outdoor areas and other improvements. Presently, members of the landlord are also stockholders of the entity which is the sole owner of Academica Dade, LLC, the School's management company (see Note 4). This facility is shared with Mater Academy Middle School (another charter school under Mater Academy, Inc.). Initial fixed annual payments under this agreement (based on \$19.50 per square foot) are approximately \$2,388,750 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through August 15, 2024 with an option to renew for an additional five-year term. Finally, under this agreement the School has granted a first lien on its pledged revenues, which include all revenues collected by the school from the Florida Department of Education, the District, and all other sources. With the Landlord's consent, the School built with its own funds a 4,800 square feet library and a 21,860 square foot music and sports pavilion. The landlord has agreed upon expiration of the existing lease agreement to make a contribution to the School equal to the unamortized original cost of the tenant improvements, based on 39-year useful life.

The School also entered into a lease agreement with Duke School Properties, LLC, as landlord, for an additional 33,600 square feet building where the School is located. Members of this landlord are also stockholders of the entity which is the sole owner of Academica Dade, LLC, the School's management company (see Note 4), and this facility is also shared with Mater Academy Middle School. Initial fixed annual payments under this agreement (based on \$23.75 per square foot) are approximately \$798,000 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through August 1, 2026 with an option to renew for an additional five-year term.

**Note 7 – Commitments and Contingencies (continued)**

Under both facility lease agreements, the School must meet certain requirements and covenants including maintaining a “Lease Payment Coverage Ratio” of not less than 1.10 to 1.00. In addition, the School is required under the terms of the lease agreements to maintain a reserve for property expenses such as repairs, maintenance, taxes and insurance equal to 5% of their gross revenues for the fiscal year. As of June 30, 2012, the required reserve was \$515,304, and reflected as restricted on the statement of net assets.

Payments for both lease agreements are allocated among the two schools based on enrollment and usage of facility. The allocation used for 2012, was approximately 54% for the School and 46% for Mater Academy Middle School.

For 2012, rent expense totaled \$1,955,406, of which approximately \$1,909,000 related to the School’s facility leases. As of June 30, 2012, the School had approximately \$150,000 in prepaid rent. Future minimum payments for both full leases (to be shared with Mater Academy Middle School) are as follows:

2012	\$3,435,000
2013	\$3,435,000
2014	\$3,435,000
2015	\$3,435,000
2016	\$3,435,000
2017-2021	\$17,175,000 (Total for five year period)
2022-2026	\$12,027,000 (Total for four year period)

The School also has various operating leases for office equipment. Total rental payments associated with equipment for the year ended June 30, 2012 were approximately \$32,000.

Contingencies

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

**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 in the past. In addition, there were no reductions in insurance coverage from those in the prior year.

**Note 9 - Defined Contribution Retirement Plan**

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School provides a match of 50% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$60,698 for the year ended June 30, 2012. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by MassMutual Financial Group.

REQUIRED SUPPLEMENTARY INFORMATION

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

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2012

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Local Sources	\$ 8,475,076	\$ 7,850,000	\$ 7,858,698
Usage fees charged	495,461	780,000	782,515
Interest and other revenues	45,000	45,000	46,682
Total Revenues	<u>\$ 9,015,537</u>	<u>\$ 8,675,000</u>	<u>\$ 8,687,895</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	\$ 5,000,000	\$ 4,820,000	\$ 4,815,173
Instructional Staff			
Training Services	35,000	35,000	27,347
Board	75,000	75,000	65,122
School Administration	1,200,000	1,120,000	1,112,751
Fiscal Services	250,000	220,000	214,727
Central Services	250,000	220,000	218,245
Pupil Transportation			-
Operation of Plant	1,408,890	1,559,000	1,547,435
Maintenance of Plant	125,000	125,000	122,673
Community Services	-	-	-
Total Current Expenditures	<u>8,343,890</u>	<u>8,174,000</u>	<u>8,123,473</u>
Excess of Revenues Over Current Expenditures	<u>671,647</u>	<u>501,000</u>	<u>564,422</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	200,000	200,000	197,963
	<u>200,000</u>	<u>200,000</u>	<u>197,963</u>
Total Expenditures	<u>8,543,890</u>	<u>8,374,000</u>	<u>8,321,436</u>
Excess of Revenues Over Expenditures	471,647	301,000	366,459
Other financing sources			
Transfers in and (out)	-	(2,000)	2,886
	<u>-</u>	<u>(2,000)</u>	<u>2,886</u>
Net change in fund balance	471,647	299,000	369,345
Fund Balance at beginning of year	<u>4,521,116</u>	<u>4,521,116</u>	<u>4,521,116</u>
Fund Balance at end of year	<u>\$ 4,992,763</u>	<u>\$ 4,820,116</u>	<u>\$ 4,890,461</u>



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

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2012

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State capital outlay funding	\$ 637,875	\$ 866,000	\$ 865,912
Federal grants	370,000	378,000	378,369
Federal lunch program	320,000	338,000	338,965
Student lunch fees	30,000	34,000	34,938
Total Revenues	<u>\$ 1,357,875</u>	<u>\$ 1,616,000</u>	<u>\$ 1,618,184</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	\$ 320,000	\$ 324,000	\$ 322,913
Instructional Staff			
Training Services	-	-	-
Board	-	-	-
Food Services	350,000	372,000	371,017
Operation of Plant	637,875	866,000	865,912
Total Current Expenditures	<u>1,307,875</u>	<u>1,562,000</u>	<u>1,559,842</u>
	<u>50,000</u>	<u>54,000</u>	<u>58,342</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	50,000	56,000	55,456
	<u>50,000.00</u>	<u>56,000.00</u>	<u>55,456</u>
Total Expenditures	<u>1,357,875</u>	<u>1,618,000</u>	<u>1,615,298</u>
Excess of Revenues Over Expenditures	-	(2,000)	2,886
Other financing sources			
Transfers in and (out)		2,000	(2,886)
		<u>2,000</u>	<u>(2,886)</u>
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 High School  
Hialeah Gardens, Florida

We have audited the financial statements of the governmental activities and each major fund of Mater Academy High School (the "School") as of, and for the year ended June 30, 2012, and have issued our report thereon dated August 30, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Handwritten signature in black ink that reads "HCB Grauer LLP". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 30, 2012

MANAGEMENT LETTER

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

We have audited the financial statements of the governmental activities and each major fund of Mater Academy High School as of and for the year ended June 30, 2012 and have issued our report thereon dated August 30, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosure in those reports, which are dated August 30, 2012, should be considered in conjunction with this management letter.

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

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

No significant findings or recommendations were made in the preceding annual financial audit report.

2. 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.

**ML 2012-01 – EDUCATION JOBS FUND – SPECIAL REVENUE FUNDS**

Observation

We noted that Education Jobs Fund (EJF) revenues and expenditures were not included in the Special Revenue Fund.

Recommendation

EJF monies are Federal funds that meet the definition of funds that should be included in the Special Revenue Funds.

3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address 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 financial statements that is less than material but more than inconsequential.

In connection with our audit, we did not have any such violations.

4. Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement accounts, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse that have occurred, or are likely to have occurred, and (2) deficiencies in internal control that are not significant deficiencies.

In connection with our audit, we did not have any such findings.

5. Section 10854.(1)(e)6., Rules of the Auditor General, requires the name or official title of the school.

The official title of the school is Mater Academy High School.

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

In connection with our audit, no such conditions were noted.

7. Pursuant to Sections 10.854(1)(e)7.a. and 10.855(11), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor Mater Academy High School'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 and no deteriorating financial condition has been noted.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter 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.

Handwritten signature in black ink that reads "HUB Grawin, CPA". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 30, 2012

**Mater Academy High School**

August 30, 2012

HLB Gravier, LLP  
201 Alhambra Circle, Suite 901  
Coral Gables, FL 33134

RE: MANAGEMENT'S RESPONSES TO AUDITOR'S RECOMMENDATION

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

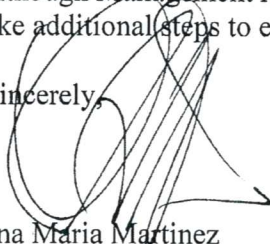
**ML 2012-01 – Recommendation**

EJF monies are Federal funds that meet the definition of funds that should be included in the Special Revenue Fund.

**Management Response**

Although Management recorded revenues separately in its own fund, Management will take additional steps to ensure that all expenses are also recorded in a separate fund.

Sincerely,



Ana Maria Martinez  
Authorized Signor for Mater Academy, Inc.