

**MATER ACADEMY CHARTER
HIGH SCHOOL
(A Charter School Under
Mater Academy, Inc.)**

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2007**

**BERMAN HOPKINS
WRIGHT & LAHAM**
CPAS AND ASSOCIATES, LLP

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MATER ACADEMY CHARTER HIGH SCHOOL

(A Charter School Under Mater Academy, Inc.)

7901 N.W. 103rd Street

Hialeah Gardens, Florida 33016

(305) 828-1886

2006-2007

BOARD OF DIRECTORS

Anotonia Roca, Esq., Chair

David Concepcion

Shannine Sadesky

Dr. Ruth Jacoby

SCHOOL ADMINISTRATION

Judith Marty, Principal

Carlos Alvarez, Assistant Principal

ORGANIZATION'S MANAGEMENT

Academica Dade, LLC

6255 Bird Road

Miami, Florida 33155

Officers :

Fernando Zulueta, President

Magdalena Fresen, Vice President

Amy Nunez, Secretary

Mater Academy Charter High School

AUDIT COMPLETION CHECKLIST
FOR CHARTER SCHOOLS AND OTHER ORGANIZATIONS
MIAMI-DADE COUNTY PUBLIC SCHOOLS

The following information should be included in the yearly audit by the organizations submitting their annual external audit. For charter schools, the Auditor General of the State of Florida has issued rules that must be complied with (Chapter 10.850). Please share this checklist with your external auditor.

- ✓ 1. The name and address of the school.
- ✓ 2. The name of the principal running the school.
- ✓ 3. Current list of the Board of Directors of the school.
- ✓ 4. If the school is operated by a management company.
 - ✓ a. Name of the company
 - ✓ b. Address
 - ✓ c. List of principal officials
 - ✓ d. Contractual arrangement with the company, such as length of contract, terms, total fees paid for the year, etc. (This information should be included in the footnotes to the financial statements).
- ✓ 5. The financial statements must include comparative totals for the prior year (include in the MDA per GASB 24)
- ✓ 6. The financial statements must comply with GASB 34 requirements, if applicable.
- 7. In the footnotes of the financial statements, the following should be disclosed:
 - ✓ a. Total school enrollment and grade configuration. If separate facilities are in operation, disclose name, address, and the enrollment and grade configuration at each facility.
 - ✓ b. Full disclosure of related party transactions, which should include the related party's name and address, and disclosure of the transaction, particularly if it is a loan that needs to be repaid (principal and interest paid and unpaid). If the debt is in arrears, disclosure of arrangements made to satisfy the debt.
 - n/a c. Full disclosure of any other debts in arrears, particularly as they relate to the payment of withholding/social security taxes. Arrangements made to pay the debt(s).
 - ✓ d. For charter schools, full disclosure in the notes or as a separate schedule in the audit of the tangible personal property purchased with public funds. (It is a current contractual requirement for charter schools; however, we recommend that it be part of the audit).
 - n/a e. If there is a deficit cash position or significant losses shown in the financial statements, full disclosure as to how the school plans to keep operating. The current assets should be sufficient to cover the current liabilities. The issue is whether sufficient resources would be available to maintain the school open. This issue may be addressed in the Management Letter.
 - n/a f. Any disclosures of events subsequent to the balance sheet date that the auditor believes are important to the readers of the financial statements (e.g., significant contractual arrangements and financing or refinancing of debt, payment of past due taxes, etc.).
- n/a 8. If the audit is not submitted within the contractually required deadline, the Management Letter must comment on it with the appropriate response from the organization as to how it is going to be remedied in future audit submittals.
- ✓ 9. If there are Management Letter findings, each finding must include a response by the organization. If there were prior audit findings, the current audit must include the status of action taken, i.e., whether the recommendation was fully implemented and, if not, when (date) it will be fully implemented. Note that quarterly reports may be required on a case-by-case basis depending on the severity or lack of resolution of the issues notes in the Management Letter.
- ✓ 10. Please enter the following information about the Certified Public Accountant issuing the audit report:

CPA's Name: Berman Hopkins Wright & LaHam, CPA's & Associates, LLP
CPA's Address: 8035 Spyglass Hill Road, Melbourne, FL 32940
License No.: AD0002183
Expiration Date: 12/31/07

Partners:

John R. Hopkins
James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss, Jr.
Phillip J. Hayes
Brian L. Nemeroff

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)
Hialeah Gardens, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mater Academy Charter High School, (A Charter School Under Mater Academy, Inc.), (the "School") a component unit of the District School Board of Miami-Dade County, as of, and for the year ended June 30, 2007, which collectively comprise 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 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 A-1, the accompanying financial statements referred to above present only the financial position of Mater Academy Charter High at June 30, 2007, and the changes in financial position for the year ended, and is not intended to be a complete presentation of Mater Academy, Inc.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Mater Academy Charter High School, as of June 30, 2007, 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.

We also audited the adjustments described in Note K that were applied to restate the 2006 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2007 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, and 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.

Management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary 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 supplementary information. However, we did not audit the information and express no opinion on them.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Mater Academy Charter High School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Mater Academy Charter High School. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

August 29, 2007
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

The corporate officers of the Mater Academy Charter High School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2007.

Financial Highlights

- The assets of the School exceeded its liabilities at June 30, 2007 by \$5,674,725(net assets).
- At year-end, the School had current assets on hand of \$4,837,746.
- The net assets of the School increased by \$2,140,560 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, 2007 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 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 as soon as 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 8 - 9 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 10 - 13 of this report.

Notes to the 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 - 26 of this report.

Government-Wide Financial Analysis

Assets exceeded liabilities by \$5,674,725, at the close of the fiscal year. As noted earlier, net assets may serve over time as a useful indicator of a charter school's financial position. A summary of the School's assets as of June 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 3,965,942	\$ 2,559,459
Accounts receivable	158,642	2,983
Due from other agencies	284,993	168,048
Prepaid expenses	209,963	94,584
Deposits	1,396	1,396
Capital assets	1,477,973	1,144,820
Total assets	<u>6,098,909</u>	<u>3,971,290</u>
Accounts payable and accrued liabilities	379,150	218,264
Noncurrent liabilities:		
Due within one year	40,779	29,267
Due in more than one year	4,255	980
Total liabilities	<u>424,184</u>	<u>248,511</u>
Invested in capital assets, net of related debt	1,475,490	1,114,573
Unrestricted	4,199,235	2,608,206
Total net assets	<u>\$ 5,674,725</u>	<u>\$ 3,722,779</u>

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

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 616,106	\$ 783,338
Capital outlay funding	1,651,113	860,479
General revenues	8,279,834	6,658,327
Charges for services	240,117	215,729
Miscellaneous	321,772	58,788
Total revenues	<u>11,108,942</u>	<u>8,576,661</u>
Expenses:		
Component unit activities:		
Instruction	4,538,567	3,661,594
Pupil personnel services	698	-
Instruction and curriculum development services	490	350
Instructional staff training services	26,045	19,657
Board	109,892	23,102
School administration	1,005,314	713,489
Facilities acquisition and construction	22,222	8,988
Fiscal services	202,500	174,487
Food services	574,526	584,871
Central services	1,313	183,268
Information services	209,623	-
Pupil transportation services	20,972	12,633
Operation of plant	2,126,459	1,705,276
Maintenance of plant	129,301	137,910
Interest	460	600
Total expenses	<u>8,968,382</u>	<u>7,226,225</u>
Change in net assets	2,140,560	1,350,436
Net assets at beginning of year, as restated	<u>3,534,165</u>	<u>2,372,343</u>
Net assets at end of year	<u>\$ 5,674,725</u>	<u>\$ 3,722,779</u>

Mater Academy Charter High School's revenue increased by \$2,462,924 in the current year primarily due to an increase in enrollment from 1,164 students in 2006 to 1,350 in 2007. The School also had an increase of expenses for the year of \$1,672,800. The largest increases in expenses were for instruction, school administration and operation of plant. Instruction increased due to salary increases to match the District's salary scale. The School also allocated a portion of the food service program's revenues and expenses to Mater Academy Charter Middle and Mater Performing Arts & Entertainment Academy. The financial position of the School has improved during the current year. The School increased its cash by \$1,406,483 and had a large increase in capital assets. The School had an increase in its fund balance (change in net assets) of \$2,140,560 for the year.

Lease of Facility

The School leases a facility located at 7901 NW 103rd Street, Hialeah Gardens, Florida 33016.

Articulation Agreement

The School entered into a Sponsor-approved Articulation Agreement with the Mater Academy Charter Middle School. This Agreement gives enrollment preference to students enrolling at the Charter High School who complete their course of education in the eight grade of the Middle School Program. The Charter High School is the only High School (public or private) currently located within the city of Hialeah Gardens.

Capital Improvement Requirements

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required.

Accomplishments

In 2007, Mater Academy High School was the top-performing high school in its region, and ranks among the top third of all public high schools in Miami-Dade County, based on the points that the school received under the State of Florida Accountability Program. The school earned a letter grade of "C" from the State of Florida Department of Education.

This past year, Mater Academy High School's graduation rate exceeded the average rate for Hispanics in the nation. Most impressive was the fact that one third 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.

Serving predominantly minority students from low-income families, Mater Academy High School provides its students with a rigorous college preparatory curriculum, as well as a rich extra-curricular program of activities, including team sports and clubs. This past spring, the Mater Academy High School Band was selected to represent the State of Florida in the "Salute to America" competition in Washington, DC. Mater Academy High School is recognized and accredited by 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.

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 \$4,241,786.

Capital Assets

The School's investment in capital assets as of June 30, 2007 amounts to \$1,477,973 (net of accumulated depreciation). This investment in capital assets include buildings and fixed equipment, furniture, fixtures, equipment and educational materials, audio visual equipment and computer software.

General 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. During the year there was approximately a \$300,000 decrease in appropriations from the original to final amended budget. The decrease was due mainly to an expected decrease in student enrollment.

Request 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 6255 Bird Road, Miami, Florida 33155.

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

STATEMENT OF NET ASSETS

June 30, 2007

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,965,942
Due from other schools	158,642
Due from other agencies	284,993
Prepaid expenses	209,963
Deposits	1,396
Total current assets	<u>4,620,936</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Buildings and fixed equipment	184,054
Furniture, fixtures, equipment and educational materials	1,223,627
Audio visual equipment	34,475
Computer software	35,817
Total capital assets	<u>1,477,973</u>
Total assets	<u>6,098,909</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	57,424
Accrued payroll and payroll taxes	321,726
Noncurrent liabilities:	
Due within one year	40,779
Due in more than one year	4,255
Total liabilities	<u>424,184</u>
NET ASSETS	
Investment in capital assets, net of related debt	1,475,490
Unrestricted	4,199,235
Total net assets	<u>\$ 5,674,725</u>

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

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

STATEMENT OF ACTIVITIES

For the year ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 4,536,002	\$ -	\$ 441,156	\$ -	\$ (4,094,846)
Exceptional instruction	2,565	-	-	-	(2,565)
Pupil Personnel services	698	-	-	-	(698)
Instructional staff training services	26,045	-	-	-	(26,045)
Instructional and curriculum development services	490	-	-	-	(490)
Board	109,892	-	-	-	(109,892)
School administration	1,005,314	-	-	-	(1,005,314)
Facility acquisition and construction	22,222	-	-	-	(22,222)
Fiscal services	202,500	-	-	-	(202,500)
Food services	574,526	240,117	174,950	-	(159,459)
Central services	1,313	-	-	-	(1,313)
Information services	209,623	-	-	-	(209,623)
Pupil transportation services	20,972	-	-	-	(20,972)
Operation of plant	2,126,459	-	-	1,651,113	(475,346)
Maintenance of plant	129,301	-	-	-	(129,301)
Interest on long-term debt	460	-	-	-	(460)
Total governmental activities	\$ 8,968,382	\$ 240,117	\$ 616,106	\$ 1,651,113	(6,461,046)
General revenues:					
State through local school district					8,279,834
Interest income					123,745
Facility usage income					198,027
Total general revenues					8,601,606
Change in net assets					2,140,560
Net assets at July 1, 2006					3,722,779
Prior period adjustment					(188,614)
Net assets at July 1, 2006, restated					3,534,165
Net assets at June 30, 2007					\$ 5,674,725

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

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2007

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,965,942	\$ -	\$ -	\$ 3,965,942
Due from other schools	23,271	-	135,371	158,642
Due from other agencies	69,357	215,636	-	284,993
Due from other funds	351,007	-	-	351,007
Prepaid expenses	209,963	-	-	209,963
Deposits	1,396	-	-	1,396
Total assets	<u>\$ 4,620,936</u>	<u>\$ 215,636</u>	<u>\$ 135,371</u>	<u>\$ 4,971,943</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 57,424	\$ -	\$ -	\$ 57,424
Accrued payroll and payroll taxes	321,726	-	-	321,726
Due to other funds	-	215,636	135,371	351,007
Total liabilities	<u>379,150</u>	<u>215,636</u>	<u>135,371</u>	<u>730,157</u>
FUND BALANCE				
Unreserved	<u>4,241,786</u>	<u>-</u>	<u>-</u>	<u>4,241,786</u>
Total fund balances	<u>4,241,786</u>	<u>-</u>	<u>-</u>	<u>4,241,786</u>
Total liabilities and fund balances	<u>\$ 4,620,936</u>	<u>\$ 215,636</u>	<u>\$ 135,371</u>	<u>\$ 4,971,943</u>

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

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS**

June 30, 2007

Fund balances - total governmental funds		\$ 4,241,786
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The net assets reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Buildings and fixed equipment, net of \$128,542			
accumulated depreciation	\$	184,054	
Furniture, fixtures equipment and educational materials, net of \$540,032			1,223,627
accumulated depreciation			
Audio visual equipment, net of \$6,383			34,475
accumulated depreciation			
Computer software, net of \$24,671			35,817
accumulated depreciation			
Total capital assets			1,477,973

Long-term liabilities are not due and payable in the current period and therefore not reported in the funds. Those liabilities consist of:

Capital lease payable		(2,483)	
Compensated absences		(42,551)	(45,034)
Total net assets of governmental activities			\$ 5,674,725

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

Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS**

For the year ended June 30, 2007

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Federal passed through state	\$ -	\$ -	\$ 174,950	\$ 174,950
Federal passed through local school district	131,150	-	310,006	441,156
State passed through local school district	8,279,834	1,651,113	-	9,930,947
Facility usage income	198,027	-	-	198,027
Student lunches	-	-	240,117	240,117
Interest	120,139	3,606	-	123,745
Total revenues	<u>8,729,150</u>	<u>1,654,719</u>	<u>725,073</u>	<u>11,108,942</u>
Expenditures				
Current:				
Basic instruction	4,050,164	-	273,193	4,323,357
Exceptional instruction	2,565	-	-	2,565
Instructional staff training services	26,045	-	-	26,045
Instructional and curriculum development services	490	-	-	490
Board	109,892	-	-	109,892
School administration	1,005,314	-	-	1,005,314
Facility acquisition and construction	2,258	-	-	2,258
Fiscal services	202,500	-	-	202,500
Food services	-	-	567,604	567,604
Central services	1,313	-	-	1,313
Information services	209,623	-	-	209,623
Pupil transportation services	20,972	-	-	20,972
Operation of plant	639,414	1,461,952	-	2,101,366
Maintenance of plant	119,237	-	-	119,237
Debt service:				
Principal	27,764	-	-	27,764
Interest	460	-	-	460
Fixed capital outlay	361,212	192,767	37,013	590,992
Total expenditures	<u>6,779,223</u>	<u>1,654,719</u>	<u>877,810</u>	<u>9,311,752</u>
Excess (deficiency) of revenues over (under) expenditures	1,949,927	-	(152,737)	1,797,190
Other financing sources (uses):				
Transfers in	-	-	152,737	152,737
Transfers out	(152,737)	-	-	(152,737)
Net change in fund balance	<u>1,797,190</u>	<u>-</u>	<u>-</u>	<u>1,797,190</u>
Fund balances at July 1, 2006	2,608,206	-	-	2,608,206
Prior period adjustment	(163,610)	-	-	(163,610)
Fund balances at July 1, 2006, restated	<u>2,444,596</u>	<u>-</u>	<u>-</u>	<u>2,444,596</u>
Fund balances at June 30, 2007	<u>\$ 4,241,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,241,786</u>

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

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the year ended June 30, 2007

Net change in fund balances - total government funds	\$ 1,797,190
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report fixed capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Total fixed capital outlay	\$ 590,992	
Less depreciation	<u>(257,839)</u>	333,153

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.

27,764

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(17,547)

Change in net assets of governmental activities

\$ 2,140,560

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

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS

June 30, 2007

	<u>Internal Fund</u>
ASSETS	
Cash	<u>\$ 216,810</u>
Total assets	<u><u>\$ 216,810</u></u>
LIABILITIES	
Accounts payable and other liabilities	<u>\$ 216,810</u>
Total liabilities	<u><u>\$ 216,810</u></u>

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

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Mater Academy Charter High School (the "School") is a charter school under Mater Academy, Inc., which is a not-for-profit corporation organized in the State of Florida. The School is located in Hialeah Gardens, Florida serving children from ninth through twelfth grade. The governing body of the School is the Board of Directors (the "Board"), which is composed of four members. The financial information presented is that of Mater Academy Charter High School only.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the Miami-Dade County Public School District (the "District"). The current charter is effective until June 30, 2012 and may be renewed for an additional 15 years by mutual written agreement between the School and the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of such District. Mater Academy Charter High School is funded by the Miami-Dade County Public School District and in addition, receives government grants.

These financial statements are for the year ended June 30, 2007, when 1,350 students were enrolled for the school year.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

Net assets, the difference between assets and liabilities, as presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets; restricted net assets; and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Two of the School's funds were deemed to be major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. Agency funds have no measurement focus. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting and financial statement presentation (continued)

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Capital Outlay Fund - in accordance with guidelines established by the Miami-Dade County Public School District, Florida, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

Additionally, the School reports the following fiduciary fund type:

Agency Funds - to account for resources of the School's internal funds which are used to administer moneys collected at several schools in connection with school, student, athletic, class and club activities.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Cash and cash equivalents

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

5. 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. The School's management determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund receivables and payables and transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

Transfers are used to move unrestricted general fund revenues to finance programs (i.e. national school lunch program) that the government must account for in other funds.

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Capital assets, depreciation and amortization

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$500 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Buildings and fixed equipment	10-20
Furniture, fixtures, equipment and educational materials	5
Computer software	3
Audio visual equipment	3

8. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the School pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of 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 revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Compensated absences

The School grants a specific number of days of sick/personal leave. Full time instructional employees are eligible for one day per month up to ten days of active work during the ten month period. Employees and administrators wishing to carry forward unused days, at year-end, may do so. The employee can only cash out if they have used three days or less 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 sick/personal leave. The cash out value is eighty percent of their daily rate.

10. Use of estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE B - INCOME TAXES

The School is a charter school under Mater Academy, Inc., which 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.

NOTE C - CASH AND CASH EQUIVALENTS

Custodial credit risk: Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School mitigates the custodial risk for deposits by only doing business with large national banks. At June 30, 2007, the School had a bank balance of \$822,335. Of the bank balance, \$722,335 was not insured by the federal deposit insurance.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rate.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date less than one month</u>
Repurchase agreement	<u>\$ 3,892,000</u>	<u>\$ 3,892,000</u>

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE D - DUE FROM OTHER AGENCIES

Due from other agencies is comprised of amounts due from the Miami-Dade School Board as follows:

Pay for performance	\$ 69,357	
Capital outlay	<u>215,636</u>	
	<u><u>\$ 284,993</u></u>	

NOTE E - CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2007:

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Capital Assets				
Buildings and fixed equipment	\$ 173,790	\$ 138,806	\$ -	\$ 312,596
Furniture, fixtures, equipment and educational materials	1,381,024	382,635	-	1,763,659
Audio visual equipment	5,511	35,347	-	40,858
Computer software	<u>26,284</u>	<u>34,204</u>	-	<u>60,488</u>
Total assets depreciated	<u>1,586,609</u>	<u>\$ 590,992</u>	<u>\$ -</u>	<u>2,177,601</u>
Less accumulated depreciation:				
Buildings and fixed equipment	112,607	\$ 15,935	\$ -	128,542
Furniture, fixtures, equipment and educational materials	316,720	223,312	-	540,032
Audio visual equipment	1,746	4,637	-	6,383
Computer software	<u>10,716</u>	<u>13,955</u>	-	<u>24,671</u>
Total accumulated depreciation	<u>441,789</u>	<u>\$ 257,839</u>	<u>\$ -</u>	<u>699,628</u>
Capital assets, net	<u><u>\$ 1,144,820</u></u>			<u><u>\$ 1,477,973</u></u>

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE E - CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2007 was charged to functions of the School as follows:

Basic instruction	\$ 195,098
Pupil personnel services	698
Facility acquisition	19,964
Food service	6,922
Operation of plant	25,093
Maintenance of plant	10,064
	\$ 257,839

NOTE F - LONG-TERM DEBT

1. Changes in long-term debt

The following is a summary of changes in long-term debt:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due within one year
Capital lease payable	\$ 30,247	\$ -	\$ 27,764	\$ 2,483	\$ 2,483
Compensated absences	25,004	17,547	-	42,551	38,296
	\$ 55,251	\$ 17,547	\$ 27,764	\$ 45,034	\$ 40,779

2. Capital leases

The School acquired kitchen equipment and gym equipment under capital leases payable in monthly installments of approximately \$2,500 maturing in 2008, and collateralized by the related equipment.

The assets acquired through the capital leases are recorded in the government-wide statements as follows:

	Governmental Activities
Furniture, fixtures, equipment and educational materials	\$ 36,804
Less: accumulated depreciation	31,737
	\$ 5,067

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE F - LONG-TERM DEBT (continued)

2. Capital leases(continued)

The future minimum lease obligations and the net present value of the minimum lease payments, as of June 30, 2007, were as follows:

	2008
Total minimum lease payments	\$ 2,683
Less: amount representing interest	200
Present value of future minimum lease payments	\$ 2,483

NOTE G - CONCENTRATIONS

Revenue sources

As stated in Note A-8, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
Miami-Dade County Public School District :	
Base funding	\$ 5,723,480
Safe schools	47,354
Exceptional student education guaranteed allocation	136,930
Supplemental academic instruction	536,949
Class size reduction funds	1,094,916
Discretionary millage	419,318
Discretionary lottery	55,152
Discretionary equalization allocation	140,302
Declining enrollment	68,824
Instructional materials allocation	134,754
Stores and mail distribution deduction	(3,500)
Administration fee withheld (5%)	(159,752)
Subtotal	8,194,727
Capital outlay	1,651,113
Advanced placement	131,150
Teacher lead program	15,750
Title I - Schoolwide	264,127
Title I - Reading leader	45,879
Pay for performance	69,357
Total from Miami-Dade County Public School District :	10,372,103
Other revenue	
National school lunch program	174,950
Student lunches	240,117
Facility usage income	198,027
Interest income	123,745
	\$ 11,108,942

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE H - COMMITMENTS AND CONTINGENCIES

1. Management services contract

The School has entered into an agreement with Academica Dade, LLC, a professional charter school management company, to provide management and administrative services to the School. In providing management services to the School, officers of the management company may not serve as members of the Board of Directors of a school. The contract calls for a fee of \$450 per student per year and expires on June 30, 2009, with an option to renew by the School. During the year ended June 30, 2007, the School incurred \$607,500, in management fees, of which no amounts were due to the management company at year end.

2. Operating leases

The School entered into an amended lease agreement with School Development H G II, LLC, as landlord, on April 2004 for its main campus which is shared with another charter school under Mater Academy, Inc. The payments for this lease are allocated 58%, or \$1,385,475, to the School and 42% to the other charter school. Annual total payments are approximately \$2,388,750 (\$19.91 per square foot, for 120,000 square feet) adjusted annually based on the Consumer Price Index (CPI) and continue through August 2024 with an option to renew for an additional five-year term by the School.

The School entered into a lease agreement with Duke School Properties, LLC, as landlord, for an additional building where the School is located. The School shares this facility with another charter school. Terms of the lease are to pay \$23.75 per square foot, for 33,600 square feet. The payments for this lease are allocated 58%, to the School and 42% to another charter school. Annual payments total \$791,137 adjusted annually based on the Consumer Price Index (CPI) and continue through August 2026 with an option by the School to renew for an additional five-year term. The lease payments commenced May 2007. Rent payments for the year ended June 30, 2007 totaled \$76,476.

Under the term of the lease agreements, all lease payments due under the agreement are secured by pledged revenues and all fixed assets.

The School also leases various office equipment with monthly payments ranging from \$128 to \$508 through 2008. Total rental payments associated with equipment for the year ended June 30, 2007 were approximately \$55,000.

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE H - COMMITMENTS AND CONTINGENCIES (continued)

2. Operating leases (continued)

Future minimum payments under the operating leases are as follows:

<u>Fiscal years</u>		
2008	\$	1,848,177
2009	\$	1,844,334
2010	\$	1,844,334
2012	\$	1,844,334
2013	\$	1,844,334
2014-2016	\$	9,221,670
2016-2020	\$	9,221,670
2022-2026	\$	7,827,297

NOTE I - RELATED PARTY TRANSACTIONS

The Board believes that it is independent of the management company and is not influenced by the management company in its decision-making if the Board feels it is not in the best interest of the School. In keeping with the requirements for providing full disclosure items 1 and 2 are disclosed below.

1. Management service contract

The management company, Academica Dade, LLC provides oversight and management services based on a contractual arrangement with the school. In its capacity as the management company, Academica Dade, LLC manages the finances and operations and makes recommendations to the school's independent board of directors, which makes the final determinations regarding policies and contracts. Management fees total \$607,500 for the year ending June 30, 2007.

2. Operating lease

School Development H G II, LLC and Duke Schools Properties, LLC owns property which is leased to the School. Presently, members of each of these companies are also stockholders of the Company which is the sole owner of Academica Dade, LLC, which manages the School (see Note H). Total rent payments charged to the School under these leases amounts to \$1,461,951. A rent payment in the amount of \$103,513 is included as a prepaid expense on the statement of net assets and balance sheet. The lease does not contain any provision as to the management of the School.

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE I - RELATED PARTY TRANSACTIONS (continued)

3. Due from other schools

The School's facility is shared with Mater Academy Charter Middle School and Mater Performing Arts and Entertainment Academy (See Note H), which is operated by 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 and usage of facilities and staff to these schools and other schools operated by Mater Academy, Inc.

The due from other schools, operated by Mater Academy, Inc, consists of the following at June 30, 2007:

<u>Mater Acadmey, Inc operated school</u>	<u>Due from</u>
Mater Academy Charter Middle School (lunch)	\$ 119,726
Mater Performing Arts & Entertainment Academy (lunch)	15,745
Mater Performing Arts & Entertainment Academy (salary)	739
Mater Academy East	1,108
Mater Academy East Middle	739
Mater Academy Lakes High School	369
Mater Academy Lakes Middle School	739
Mater Academy, Inc	2,955
Mater Gardens Academy	1,478
	<u>\$ 143,598</u>

In addition, the School also shares certain staff with other schools operated by the same management company. A portion of those employees salaries are allocated to each school on a cost reimbursement basis.

The due from other schools consists of the following at June 30, 2007:

<u>School</u>	<u>Due from</u>
Doral Academy Charter Middle School	\$ 3,324
Doral Academy, Inc	2,955
International Studies Charter High School	739
Pincrest Academy Middle School - Kendall Greens Campus	369
Pincrest Academy, Inc. -South	1,847
Pincrest Academy Middle School	739
Pincrest Academy, Inc	1,847
Somerset Academy in Dade	2,216
Somerset Academy Middle School	739
The Miami Children's Museum Charter School, Inc	369
	<u>\$ 15,144</u>
Total due from other schools	<u>\$ 158,742</u>

All amounts other than lunch related services were reimbursed by the audit report date.

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE I - RELATED PARTY TRANSACTIONS (continued)

4. Facility usage agreement

The School has an agreement with another charter school to provide classrooms. The School charges a flat fee based on a monthly student cost allocation ration. The term of agreement is through July 31, 2008 with an option to renew annually. The facility usage income earned during the year ending June 30, 2006 totaled \$198,027.

Future minimum rentals under the facility usage agreement are as follows:

<u>Fiscal years</u>		
2008	\$	198,027
2009	\$	16,502

NOTE J - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; general liabilities; and natural disasters for which the School carries commercial liability insurance. Under the plan for property insurance, the School's has no liability per occurrence. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

NOTE K - PRIOR PERIOD ADJUSTMENTS

1. Internal fund

The School's beginning fund balance in the statement of revenues, expenditures and changes in fund balances - governmental funds and beginning net assets in the statement of activities has been restated to reflect a decrease of \$188,614. The School previously reported revenue from the School's internal fund in prior years. Agency funds, such as the internal fund report only assets and an offsetting liability.

2. Compensated absences

The School's beginning fund balance in the statement of revenues, expenditures and changes in fund balances - governmental funds has been restated to reflect an increase of \$25,004. The School previously reported compensated absences as liability in the fund financial statements in prior years.

REQUIRED SUPPLEMENTAL INFORMATION

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND**

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
FTE	\$ 7,975,000	\$ 7,304,975	\$ 8,194,727	\$ 889,752
Teacher lead program	-	15,750	15,750	-
Other revenue	-	131,150	131,150	-
Interest	45,000	57,923	120,139	62,216
Facility usage income	-	198,027	198,027	-
Total revenue	<u>8,020,000</u>	<u>7,707,825</u>	<u>8,659,793</u>	<u>951,968</u>
Expenses				
Salaries	3,250,000	3,599,204	3,552,860	46,344
Benefits	810,000	774,515	763,380	11,135
Purchased/contract services	1,977,550	1,553,048	1,514,367	38,681
Materials and supplies	250,000	501,232	468,461	32,771
Depreciation	250,000	371,000	250,917	120,083
Other	32,000	25,956	21,822	4,134
Total expenses	<u>6,569,550</u>	<u>6,824,955</u>	<u>6,571,807</u>	<u>253,148</u>
Change in net assets (budgetary basis)	1,450,450	882,870	2,087,986	1,205,116
Adjustment to conform to GAAP:				
Depreciation	-	-	250,917	250,917
Principal on long-term debt	-	-	(27,764)	(27,764)
Capital outlay expenditures	-	-	(361,212)	(361,212)
Excess of revenues over expenditures	<u>1,450,450</u>	<u>882,870</u>	<u>1,949,927</u>	<u>1,067,057</u>
Other financing sources (uses):				
Transfers out	-	-	(152,737)	(152,737)
Net change in fund balance	1,450,450	882,870	1,797,190	914,320
Fund balances at July 1, 2006	2,608,206	2,608,206	2,608,206	-
Prior period adjustment	-	-	(163,610)	(163,610)
Fund balances at June 30, 2007	<u>\$ 4,058,656</u>	<u>\$ 3,491,076</u>	<u>\$ 4,241,786</u>	<u>\$ 1,665,030</u>

See accompanying notes to required supplemental information.

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL OUTLAY FUND**

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Capital outlay	\$ 842,450	\$ 1,654,719	\$ 1,654,719	\$ -
Total revenue	<u>842,450</u>	<u>1,654,719</u>	<u>1,654,719</u>	<u>-</u>
Expenditures				
Purchased services	842,450	1,654,719	1,654,719	-
Total expenses	<u>842,450</u>	<u>1,654,719</u>	<u>1,654,719</u>	<u>-</u>
Excess of revenues over expenditures	-	-	-	-
Fund balances at July 1, 2006	-	-	-	-
Fund balances at June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to required supplemental information.

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2007

NOTE A - BUDGETARY BASIS

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. Since the budgetary basis differs from generally accepted accounting principles ("GAAP"), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. A reconciliation to excess (deficiency) of revenues over (under) expenditures presented in conformity with generally accepted accounting principles is set forth in the adjustments to the required supplementary information. The budget presented for the year ended June 30, 2007 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the object level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major special revenue fund for which a legally adopted budget exists.

**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	Federal CFDA Number	Expenditures
U.S DEPARTMENT OF AGRICULTURE/PASS THROUGH FLORIDA DEPARTMENT OF EDUCATION		
National School Lunch Program	10.555	\$ 240,117
U.S DEPARTMENT OF EDUCATION/PASS THROUGH DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY		
Title I Grants to Local Educational Agencies	84.010	264,127
Striving Readers	84.371	<u>45,879</u>
		<u>\$ 550,123</u>

Note 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activities of the School during its fiscal year July 1, 2006 to June 30, 2007. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Partners:

John R. Hopkins
James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss, Jr.
Phillip J. Hayes
Brian L. Nemeroff

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

Board of Directors
Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)
Hialeah Gardens, Florida

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mater Academy Charter High, (A Charter School Under Mater Academy, Inc.), (the "School") a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements as listed in the table of contents, and have issued our report thereon dated August 29, 2007. 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.



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Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mater Academy Charter High'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 Mater Academy Charter High's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mater Academy Charter High'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 entity'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 entity's financial statements is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting 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 Mater Academy Charter High's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported in the management letter dated August 29, 2007.

Mater Academy Charter High's response to our findings identified in our audit is described in the accompanying letter of management response. We did not audit Mater Academy Charter High's response and, accordingly, we express no opinion on it.

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

August 29, 2007
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Partners:

John R. Hopkins
James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss, Jr.
Phillip J. Hayes
Brian L. Nemeroff

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)
Hialeah Gardens, Florida

Compliance

We have audited the compliance of Mater Academy Charter High School (A Charter School Under Mater Academy, Inc.), (the "School"), a component unit of the District School Board of Miami-Dade County, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Mater Academy Charter High School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Mater Academy Charter High School's management. Our responsibility is to express an opinion on Mater Academy Charter High School's compliance based on our audit.

We conducted our audit of compliance 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mater Academy Charter High School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Mater Academy Charter High School's compliance with those requirements.

In our opinion, Mater Academy Charter High School, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.



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Internal Control Over Compliance

The management of Mater Academy Charter High School, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Mater Academy Charter High School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mater Academy Charter High School's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of finding 07-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 07-1 to be a material weakness.

Mater Academy Charter High School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Mater Academy Charter High School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors, the District School Board of Miami-Dade County, (see page 39) others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

August 29, 2007
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**Mater Academy High School
(A Charter School Under Mater Academy, Inc.)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2007

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiencies identified that is not considered to be a material weakness? **No**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

Material weakness identified? **Yes**

Significant deficiencies identified that are not considered to be material weaknesses? **No**

Type of auditors' report issued on compliance for major programs: **Unqualified for all major programs.**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? **Yes**

The programs tested as major programs are as follows:

U.S. Department of Agriculture/Pass through Florida Department of Education – National School Lunch Program - CFDA Number 10.555

U.S. Department of Education/Pass-through District School Board of Miami-Dade County – CFDA Numbers 84.010, 84.371

The threshold for distinguishing type A and B programs was **\$300,000**

Did the auditee qualify as a low-risk auditee? **No**

**Mater Academy High School
(A Charter School Under Mater Academy, Inc.)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2007

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

See management letter dated August 29, 2007

C. FINDINGS - MAJOR FEDERAL AWARD

07-1 Segregation of Duties

Material weakness

Condition: During our review of disbursements from the lunch program account, we noted lack of segregation of duties over disbursements. In our sample of 40 disbursements, we noted 36 disbursements that have no evidence of approval by employees at the School. Second, we noted that 11 of the 40 disbursements did not have dual signatures on the checks. Further, the School receives the federal awards for affiliated schools and disburses each schools' portion monthly. The same employee approved nine of the disbursements for affiliated schools and signed the checks.

Criteria: Internal controls should be in place to provide reasonable assurance that compliance with federal requirements are met.

Effect: The School is at risk that a disbursement from the lunch program account is not an allowable operating or administrative costs. The School is also at risk of a misstatement due to the lack of controls over disbursements to affiliated schools.

Auditor's Recommendations: We recommend that the School adopt procedures to ensure that invoices are approved by School personnel and reconciled to receiving reports, dual signatures are required for disbursements over \$2,500, and disbursements to affiliated schools are approved. We further recommend that the duties of approving disbursements and signing checks be segregated.

Partners:

John R. Hopkins
James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss, Jr.
Phillip J. Hayes
Brian L. Nemeroff

MANAGEMENT LETTER

Board of Directors
Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)
Hialeah Gardens, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mater Academy Charter High School (A Charter School Under Mater Academy, Inc.), (the "School") a component unit of the District School Board of Miami-Dade County as of and for the fiscal year ended June 30, 2007, and have issued our report thereon dated August 29, 2007.

We issued our report on internal control over financial reporting and on compliance and other matters on August 29, 2007. Disclosures in that report, if any, should be considered in conjunction with this management letter.

The discussion required by the rules of the Auditor General follows:

1. See the attached list for corrective actions, if any, that have been taken to address any significant findings and recommendations made in the preceding annual financial audit report, not otherwise addressed in the auditors report pursuant to Rule 10.856(2)(b)(2).
2. In connection with our audit, we determined that the School has not met any of the conditions described in Section 218.503(1)(e), Florida Statutes.
3. There are no deteriorating financial conditions disclosed pursuant to Section 218.39(5), Florida Statutes.
4. See attached recommendations for matters, based on our professional judgment, that were inconsequential to the financial statements considering both quantitative and qualitative factors, including the following:
 - a. Violations of laws, rules, regulations, contracts, and grant agreements or abuse that: (1) have occurred, or are likely to have occurred; and (2) were discovered within the scope of the financial audit.
 - b. Improper expenditures discovered within the scope of the financial audit.
 - c. Deficiencies in internal control of inconsequential effect in relation to the financial statements and other recommendations to improve present financial management, accounting procedures, and internal controls.

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5. The official title of the School is *Mater Academy Charter High*, a Charter School Under Mater Academy, Inc.), which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Act, and Section 1002.33, Florida Statutes.

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

August 29, 2007
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

PREDECESSORS AUDITORS' FINDINGS

Transactions with affiliated entities

Transactions with affiliated entities were noted. Certain board members and employees of the School serve as board members of other schools.

Repeated in current year.

Post-date checks

Several checks that had been recorded in the general ledger but not posted to the bank reconciliation.

Finding was corrected for the year ended June 30, 2007.

Current Year Recommendations to Improve Financial Management, Accounting Procedures and Internal Control

07-1 Segregation of duties

See Schedule of Findings and Questioned Costs

07-2 Budgetary comparison

Criteria: Governmental accounting standards require a government to present a budgetary comparison for the general fund and each major special revenue fund for which a budget is legally adopted.

Condition: The School's operating budget does not segregate the School's general fund from its major special revenue funds (i.e. capital outlay). The budget is prepared on a full accrual basis of accounting, instead of modified accrual, therefore, capital expenditures are not budgeted.

Questioned cost: N/A

Cause: Management of the School was not aware of this reporting requirement.

Effect: The School is not in accordance with Government Accounting Standards which require the budgetary comparison be presented on the modified accrual basis of accounting.

Auditors' recommendation: Management prepares a preliminary and amended budget for each general and major special revenue fund.

**Current Year Recommendations to Improve Financial Management,
Accounting Procedures and Internal Control (continued)**

07-3 Financial and Program Cost Accounting and Reporting for Florida Schools

Criteria: The School's charter agreement with the District School Board of Miami-Dade County requires in Part IV, A, (6), that the School "utilize the state codification of accounts as contained in the Financial and Program Cost Accounting and Reporting for Florida Schools" (Redbook).

Condition: The School does not report its revenues and expenditures by fund in accordance with the Redbook. Although, the School maintains separate cash accounts for most of its special revenue, Title I - Reading Leader salaries were paid from the operating account.

Questioned cost: N/A

Cause: Management of the School was not aware of this reporting requirement.

Effect: Expenditures related to restricted revenue were incorrectly reported in the general fund instead of a special revenue fund.

Auditors' recommendation: Management of the School should account for its special revenue funds separately from its general fund.

07-4 Prepaid rent

Criteria: Under the accrual basis of accounting, rent paid in advance should be classified as a prepaid expense.

Condition: Prepaid rent is maintained as an offset to accounts payable.

Questioned cost: N/A

Cause: Management failed to make an entry at year end to reclass the payment or supply the auditors with reclassification.

Effect: Accounts payable and prepaid expenses was understated by approximately \$103,000.

Auditors' recommendation: Management performs a reconciliation of each balance sheet account to ensure year end adjustments are made timely.

**Current Year Recommendations to Improve Financial Management,
Accounting Procedures and Internal Control (continued)**

07-5 Deposits

Criteria: Under the accrual basis on accounting, deposits made after year end but applicable to the current fiscal year should be recorded as a receivable.

Condition: Reimbursements for salaries from affiliated schools of approximately \$23,000 was not recorded as a receivable.

Questioned cost: N/A

Cause: Management failed to reconcile bank deposits to their correct general ledger period.

Effect: Expenses were overstated by approximately \$23,000.

Auditors' recommendation: Management reconcile deposits recorded to the period for which they apply.

07-6 School's internal account

Criteria: The School's internal fund is an agency fund. Agency funds should be reported under the accrual basis of accounting, revenues and the related assets are recorded when earned and expenses are recorded when the obligation is incurred. All assets reported in an agency fund are offset by a liability.

Condition: The School's internal funds are recorded on a cash basis of accounting. The assets reported were not offset by the liabilities.

Questioned cost: N/A

Cause: Management was not aware of this reporting requirement.

Effect: Assets are understated by \$17,000. A prior period adjustment was required in the amount of \$188,614.

Auditors' recommendation: Management periodically verify that the assets and liabilities of the agency funds are offset.

Mater Academy High School

September 1, 2007

Ross A. Whitely
Berman Hopkins Wright & LaHam, CPAs & Associates, LLP
8035 Spyglass Hill Road
Melbourne, FL 32940

RE: MANAGEMENT'S RESPONSES TO AUDITOR'S RECOMMENDATIONS

Dear Mr. Whitely:

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

CURRENT YEAR RECOMMENDATIONS

07-1 Recommendation – Segregation of Duties

We recommend that the School adopt procedures to ensure that invoices are approved by School personnel and reconciled to receiving reports, dual signatures are required for disbursements over \$2,500, and disbursements to affiliated schools are approved. We further recommend that the duties of approving disbursements and signing checks be segregated.

Management Response

Prior to the commencement of the audit Management had adopted procedures to ensure that invoices are approved by School personnel and reconciled to receiving reports. Dual signatures are required for disbursements over \$2,500, and disbursements to affiliated schools must be approved. Duties of approving disbursements and signing checks have been segregated.

07-2 Recommendation – Budgetary Comparison

Management prepares a preliminary and amended budget for each general and major special revenue fund.

Management Response

Management will follow the auditor's recommendation and prepare a preliminary and amended budget for each general and major special revenue fund.

07-3 Recommendation – Financial and Program Cost Accounting and Reporting for Florida Schools

Management of the School should account for its special revenue funds separately from its general fund.

Management Response

The School will adopt the auditor's recommendation and account for its special revenue funds separately from its general fund.

07-4 Recommendation – Prepaid Rent

Management performs a reconciliation of each balance sheet account to ensure year end adjustments are made timely.

Management Response

Management will follow the auditor's recommendation and performs a reconciliation of each balance sheet account to ensure year end adjustments are made timely.

07-5 Recommendation – Deposits

Management reconcile deposits recorded to the period for which they apply.

Management Response

Management will follow the auditor's recommendation and reconcile deposits recorded to the period for which they apply.

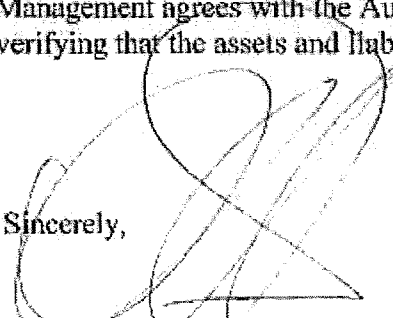
07-6 Recommendation – School's Internal Account

Management periodically verify that the assets and liabilities of the agency funds are offset.

Management Response

Management agrees with the Auditors recommendation and will adhere to periodically verifying that the assets and liabilities of the agency funds are offset.

Sincerely,



Ana Maria Martinez
Authorized Signor for Mater Academy, Inc.