

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

**Basic Financial Statements and
Supplemental Information**

**For the year ended
June 30, 2009**

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

2008-2009

BOARD OF DIRECTORS

Antonio Roca, Esq., Chair

Roberto Blanch

Shannine Sadesky

Juan Garcia

Elizabeth Nuevo

SCHOOL ADMINISTRATION

Judith Marty, Principal

Jose Nunez, Assistant Principal

ORGANIZATION'S MANAGEMENT

Academica Dade, LLC

6361 Sunset Drive

Miami, Florida 33143

Officers :

Fernando Zulueta, President

Magdalena Fresen, Vice President, Treasurer

Ignacio Zulueta, Vice President

Collette Papa, Secretary

INDEPENDENT AUDITORS' REPORT



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

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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, 2009, which collectively comprise the School's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Mater Academy Charter High School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note A-1, the accompanying financial statements referred to above present only the financial position of Mater Academy Charter High School at June 30, 2009, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Mater Academy, Inc.

In our opinion, the 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, 2009, 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 24, 2009 on our consideration of Mater Academy Charter High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mater Academy Charter High School's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the 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 School. The schedule of expenditures of federal awards 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 24, 2009
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, 2009.

Financial Highlights

- The assets of the School exceeded its liabilities at June 30, 2009 by \$7,153,593 (net assets).
- At year-end, the School had current assets on hand of \$4,486,941.
- The net assets of the School increased by \$665,596 during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements for the year ended June 30, 2009 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 together 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 demonstrate 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 entire operations. Budgetary comparison schedules have been provided for the general fund and major fund to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 10 - 14 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 starting on page 15 of this report.

Government-Wide Financial Analysis

As noted previously, net assets may serve over time as a useful indicator of a charter school's financial position. Assets exceeded liabilities by \$7,153,593, at the close of the fiscal year. A summary of the School's assets as of June 30, 2009 and 2008 follows:

Statement of Net Assets

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 3,962,942	\$ 3,979,732
Due from other schools	56,947	84,884
Due from other agencies	83,070	192,407
Prepaid expenses	353,544	256,521
Deposits	30,438	-
Capital assets	3,614,170	2,533,685
Total assets	<u>8,101,111</u>	<u>7,047,229</u>
LIABILITIES		
Accounts payable	316,770	2,860
Accrued payroll and payroll taxes	523,805	512,484
Retainage payable	100,826	-
Due to management company	6,117	-
Noncurrent liabilities:		
Due within one year	-	39,500
Due in more than one year	-	4,388
Total liabilities	<u>947,518</u>	<u>559,232</u>
NET ASSETS		
Invested in capital assets	3,614,170	2,533,685
Unrestricted	3,539,423	3,954,312
Total net assets	<u>\$ 7,153,593</u>	<u>\$ 6,487,997</u>

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2009 and 2008 follows:

	<u>2009</u>	<u>2008</u>
REVENUES		
Program revenues:		
Other grants and contributions	\$ 2,065,959	\$ 2,220,026
Charges for services	303,840	446,166
General revenues:		
State passed through local school district	8,893,462	9,067,878
Other revenues	55,511	183,383
Total revenues	<u>11,318,772</u>	<u>11,917,453</u>
EXPENSES		
Basic instruction	5,727,899	5,719,116
Exceptional instruction	3,629	4,730
Instructional media services	700	700
Instructional staff training services	37,876	52,042
Board of directors	27,389	78,269
School administration	1,244,284	1,182,027
Facilities acquisition and construction	110,002	68,907
Fiscal services	219,377	213,788
Food services	366,820	632,193
Central services	225,494	185,836
Planning, research and development	-	2,436
Information services	6,328	16,925
Pupil transportation services	34,290	21,046
Operation of plant	2,477,917	2,711,059
Maintenance of plant	171,171	215,107
Total expenses	<u>10,653,176</u>	<u>11,104,181</u>
Change in net assets	665,596	813,272
Net assets at beginning of year	<u>6,487,997</u>	<u>5,674,725</u>
Net assets at end of year	<u>\$ 7,153,593</u>	<u>\$ 6,487,997</u>

Mater Academy Charter High School's revenues decreased by \$598,681 in the current year primarily due to decreases in both the base funding in the FEPF revenues and also budget cuts within the capital outlay funding. The School also had a decrease of expenses for the year in the amount of \$451,005. The largest decreases in expenses were for food services and operation of plant. Operation of plant decreased because the School purchased less professional and contracted services in the current year and also allocated less money for repairs and maintenance expenses. Despite state-wide budget cut backs the financial position of the School continued to improve during the current year. The School had an increase in its fund balance (change in net assets) in the amount of \$665,596 for the year. In addition, the School had an increase in capital assets in the amount of \$1,080,486.

Lease of Facility

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

Capital Improvement Requirements

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

Accomplishments

The 2008-2009 school year was filled with much success for the School and its students. In its second publication of America's Best High Schools, U.S. News & World Report magazine designated Mater Academy Charter High School as "One of the Nation's Top High Schools." Similarly, Newsweek magazine listed the School in the top 1% of approximately 18,000 public high schools in the nation for the 2nd consecutive year.

Earning a letter grade of an "A" under the Florida School Recognition Program, the School was among the top-performing high schools in Miami-Dade County, Florida. In addition, Mater Academy High Charter School's graduation rate of over 93% far exceeded the state and national average graduation rates for Hispanics. 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 post-secondary educational and career goals in Florida. Most impressively, twelve Mater Academy Charter High School students graduated high school with an A.A. degree from Miami-Dade College.

Mater Academy Charter 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 year, the School was the recipient of the prestigious Future Business Leaders of America "Chapter of the Year" award. Similarly, the Chess team was ranked at the top of the state teams, and among the top 20 in the nation.

The School continues to be recognized and accredited by the Southern Association of Colleges and Schools.

Financial Analysis of the Government's Funds

As noted previously, 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 the School's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's general fund reported an unreserved fund balance of \$3,539,423.

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$3,614,170 (net of accumulated depreciation). This investment in capital assets include construction in progress, buildings and fixed equipment, furniture, fixtures, equipment, educational materials, audio visual equipment and computer software. Additional information on the School's capital assets can be found in Note C.

General Fund Budget Analysis and Highlights

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. During the year, there was an approximate \$1,297,000 increase in appropriations from the original to final amended budget. The increase was due mainly to an increase in capital outlay expenditures and salaries. The School's approved appropriations exceeded the general fund by \$83,420, primarily due to overestimating capital outlay expenditures.

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 6361 Sunset Drive, Miami, Florida 33143.

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

STATEMENT OF NET ASSETS

June 30, 2009

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,962,942
Due from other schools	56,947
Due from other agencies	83,070
Prepaid expenses	353,544
Deposits	30,438
Total current assets	<u>4,486,941</u>
CAPITAL ASSETS	
Capital assets, not being depreciated	
Construction in progress	1,019,283
Capital assets, net of accumulated depreciation	
Buildings and fixed equipment	1,012,897
Furniture, fixtures, equipment and educational materials	1,517,886
Audio visual equipment	50,608
Computer software	13,496
Total capital assets	<u>3,614,170</u>
Total assets	<u>8,101,111</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	316,770
Retainage payable	100,826
Accrued payroll and payroll taxes	523,805
Due to management company	6,117
Total liabilities	<u>947,518</u>
NET ASSETS	
Investment in capital assets	3,614,170
Unrestricted	3,539,423
Total net assets	<u>\$ 7,153,593</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, 2009

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	\$ 5,727,899	\$ -	\$ 267,339	\$ -	\$ (5,460,560)
Exceptional instruction	3,629	-	-	-	(3,629)
Instructional media services	700	-	-	-	(700)
Instructional staff training services	37,876	-	-	-	(37,876)
Board of directors	27,389	-	-	-	(27,389)
School administration	1,244,284	-	-	-	(1,244,284)
Facility acquisition and construction	110,002	-	-	-	(110,002)
Fiscal services	219,377	-	-	-	(219,377)
Food services	366,820	58,960	325,002	-	17,142
Central services	225,494	-	-	-	(225,494)
Information services	6,328	-	-	-	(6,328)
Pupil transportation services	34,290	-	-	-	(34,290)
Operation of plant	2,477,917	244,880	1,473,618	-	(759,419)
Maintenance of plant	171,171	-	-	-	(171,171)
Total governmental activities	\$ 10,653,176	\$ 303,840	\$ 2,065,959	\$ -	(8,283,377)
General revenues:					
State passed through local school district					
8,893,462					
Other revenues					
55,511					
Total general revenues					
8,948,973					
Change in net assets					
665,596					
Net assets at July 1, 2008					
6,487,997					
Net assets at June 30, 2009					
\$ 7,153,593					

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

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

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,962,942	\$ -	\$ -	\$ 3,962,942
Due from other schools	56,947	-	-	56,947
Due from other agencies	-	83,070	-	83,070
Due from other funds	83,070	-	-	83,070
Prepaid expenses	353,544	-	-	353,544
Deposits	30,438	-	-	30,438
Total assets	<u>\$ 4,486,941</u>	<u>\$ 83,070</u>	<u>\$ -</u>	<u>\$ 4,570,011</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 316,770	\$ -	\$ -	\$ 316,770
Retainage payable	100,826	-	-	100,826
Due to management company	6,117	-	-	6,117
Accrued payroll and payroll taxes	523,805	-	-	523,805
Due to other funds	-	83,070	-	83,070
Total liabilities	<u>947,518</u>	<u>83,070</u>	<u>-</u>	<u>1,030,588</u>
FUND BALANCES				
Unreserved	<u>3,539,423</u>	<u>-</u>	<u>-</u>	<u>3,539,423</u>
Total fund balances	<u>3,539,423</u>	<u>-</u>	<u>-</u>	<u>3,539,423</u>
Total liabilities and fund balances	<u>\$ 4,486,941</u>	<u>\$ 83,070</u>	<u>\$ -</u>	<u>\$ 4,570,011</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, 2009

Fund balances - total governmental funds \$ 3,539,423

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:

Construction in progress	\$ 1,019,283	
Buildings and fixed equipment, net of \$195,916 accumulated depreciation	1,012,897	
Furniture, fixtures equipment and educational materials, net of \$1,549,339 accumulated depreciation	1,517,886	
Audio visual equipment, net of \$29,572 accumulated depreciation	50,608	
Computer software, net of \$56,346 accumulated depreciation	<u>13,496</u>	
Total capital assets		<u>3,614,170</u>
Total net assets of governmental activities		<u><u>\$ 7,153,593</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.)**

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

For the year ended June 30, 2009

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Federal passed through state	\$ -	\$ -	\$ 325,002	\$ 325,002
Federal passed through local school district	3,628	-	263,711	267,339
State passed through local school district	8,893,462	1,473,618	-	10,367,080
Facility usage income	244,880	-	-	244,880
School lunch receipts	-	-	58,960	58,960
Other revenues	55,357	-	154	55,511
Total revenues	<u>9,197,327</u>	<u>1,473,618</u>	<u>647,827</u>	<u>11,318,772</u>
Expenditures				
Current:				
Basic instruction	5,134,200	-	261,711	5,395,911
Exceptional instruction	3,629	-	-	3,629
Instructional staff training services	35,876	-	2,000	37,876
Board of directors	27,389	-	-	27,389
School administration	1,254,017	-	-	1,254,017
Fiscal services	219,377	-	-	219,377
Food services	-	-	358,640	358,640
Central services	225,494	-	-	225,494
Information services	6,328	-	-	6,328
Pupil transportation services	34,290	-	-	34,290
Operation of plant	912,614	1,473,618	-	2,386,232
Maintenance of plant	121,698	-	-	121,698
Fixed capital outlay	1,706,668	-	-	1,706,668
Total expenditures	<u>9,681,580</u>	<u>1,473,618</u>	<u>622,351</u>	<u>11,777,549</u>
Excess (deficiency) of revenues over (under) expenditures	(484,253)	-	25,476	(458,777)
Other financing sources (uses):				
Transfers in	25,476	-	-	25,476
Transfers out	-	-	(25,476)	(25,476)
Total other financing sources (uses)	<u>25,476</u>	<u>-</u>	<u>(25,476)</u>	<u>-</u>
Net change in fund balances	(458,777)	-	-	(458,777)
Fund balances at July 1, 2008	<u>3,998,200</u>	<u>-</u>	<u>-</u>	<u>3,998,200</u>
Fund balances at June 30, 2009	<u>\$ 3,539,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,539,423</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, 2009

Net change in fund balances - total government funds \$ (458,777)

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	\$ 1,706,668	
Less depreciation	<u>(626,182)</u>	1,080,486

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.

Change in net assets of governmental activities

<u>43,887</u>
<u><u>\$ 665,596</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.)**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND

June 30, 2009

	<u>Internal Fund</u>
ASSETS	
Cash	<u>\$ 379,369</u>
Total assets	<u><u>\$ 379,369</u></u>
LIABILITIES	
Accounts payable and other liabilities	<u>\$ 379,369</u>
Total liabilities	<u><u>\$ 379,369</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, 2009

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. (the "Charterholder"), which is a not-for-profit corporation organized in the State of Florida. The School is located in Hialeah Gardens, Florida serving students from ninth through twelfth grade. The governing body of the School is the Board of Directors (the "Board"), which is composed of five 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, 2009, when 1,463 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, 2009

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, 2009

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 Fund - 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 cash on hand, checking accounts and all highly liquid investments with a maturity of three months or less.

5. Due from other schools, governments or agencies

Amounts due to the School by other schools, 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, 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, 2009

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	20
Furniture, fixtures, equipment and educational materials	5
Audio visual equipment	5
Computer software	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(17), 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, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Prepaid expenses and deposits

Other assets consist mainly of prepaid expenses or deposits, which are paid upon the receipt of the goods or services that were received but not consumed at year end. The expense will be recorded when the asset is used.

10. Compensated absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for one day per month of sick/personal leave up of 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. Employees can only cash out if they have used three days or less in that school year. Employees can only cash out ten days per school year and are always required to maintain a minimum of twenty-one days unused sick/personal leave. The cash out value for sick/personal leave is at eighty percent of their daily rate.

11. 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 does not have a formal policy regarding custodial credit risk. The School maintains its cash balances in a financial institution (the "Bank"). The Bank participates in the Federal Deposit Insurance Corporation (FDIC) Transaction Account Guarantee Program. Under this program, through December 31, 2013, all non-interest bearing transaction accounts (demand deposit accounts) are fully guaranteed by the FDIC for the entire amount in the account. Coverage under this program is in addition to and separate from the coverage available under the FDIC's basic deposit insurance rules. Balances in other account types, including interest bearing accounts, are insured up to \$250,000 until December 31, 2013. Thereafter, only balances up to \$100,000 will be insured.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE C - CASH AND CASH EQUIVALENTS (continued)

At June 30, 2009, \$462,425 of the School's cash balances were in non-interest bearing accounts and thus were fully insured. The School also held deposits of \$379,369 in an interest bearing account, of which only \$250,000 was covered under the FDIC insured limits. In addition, at June 30, 2009, the School had \$3,920,000 in a cash sweep program with the Bank, which is not covered under any FDIC insurance programs.

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.

At June 30, 2009, the School's investments included the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date less than one month</u>
Repurchase agreement	<u>\$ 3,920,000</u>	<u>\$ 3,920,000</u>

NOTE D - DUE FROM OTHER AGENCIES

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

Capital outlay	<u>\$ 83,070</u>
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**Mater Academy Charter High School
(A Charter School Under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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, 2009:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,019,283	\$ -	\$ 1,019,283
Capital assets depreciated:				
Buildings and fixed equipment	775,509	433,304	-	1,208,813
Furniture, fixtures, equipment and educational materials	2,845,755	221,470	-	3,067,225
Audio visual equipment	56,923	23,257	-	80,180
Computer software	60,488	9,354	-	69,842
Total assets depreciated	<u>3,738,675</u>	<u>\$ 687,385</u>	<u>\$ -</u>	<u>4,426,060</u>
Less accumulated depreciation:				
Buildings and fixed equipment	146,308	\$ 49,608	\$ -	195,916
Furniture, fixtures, equipment and educational materials	1,000,857	548,482	-	1,549,339
Audio visual equipment	16,160	13,412	-	29,572
Computer software	41,666	14,680	-	56,346
Total accumulated depreciation	<u>1,204,991</u>	<u>\$ 626,182</u>	<u>\$ -</u>	<u>1,831,173</u>
Capital assets, net	<u>\$ 2,533,684</u>			<u>\$ 3,614,170</u>

Depreciation expense for the year ended June 30, 2009 was charged to functions of the School as follows:

Basic instruction	\$ 366,145
Instructional media services	700
Facility acquisition and construction	110,002
Food service	8,180
Operation of plant	91,682
Maintenance of plant	49,473
	<u>\$ 626,182</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE F - LONG-TERM DEBT

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

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due within one year
Compensated absences	\$ 43,887	\$ -	\$ 43,887	\$ -	\$ -

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:

Sources	Amounts
Miami-Dade County Public School District :	
Base funding	\$ 6,102,736
Discretionary millage	666,420
Discretionary lottery	36,643
Declining enrollment	19,763
Instructional materials allocation	139,138
Supplemental academic instruction	537,404
Exceptional student education guaranteed allocation	161,354
Safe schools	45,406
Class size reduction funds	1,422,094
Over 500 FTE capital outlay	(296,226)
Administrative fee withheld (5%)	(153,882)
Other school district deductions	(130,783)
Subtotal	8,550,067
Capital outlay	1,473,618
Advanced placement	117,925
Title I	263,711
Other district revenue	27,616
School recognition award income	121,168
Merit award income	80,314
Total from Miami-Dade County Public School District :	10,634,419
Other revenue	
National school lunch program	325,002
Student lunch receipts	58,960
Facility usage income	244,880
Other revenues	55,511
	<u>\$ 11,318,772</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE H - COMMITMENTS AND CONTINGENCIES

1. Management services contract

The School has entered into an agreement with Academica Dade, LLC (the "management company"), 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, 2009, the School incurred \$658,130, 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 56%, or \$1,435,671, to the School and 44% to the other charter school. Annual total payments are approximately \$2,563,698 (\$19.91 per square foot, for 120,000 square feet adjusted annually based on the greater of one or the change in 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 56%, to the School and 44% to another charter school. Annual payments total \$857,695 adjusted annually based on the on the greater of one or the change in the Consumer Price Index (CPI) and continue through August 2026 with an option by the School to renew for an additional five-year term. Rent payments for the year ended June 30, 2009 totaled \$480,309.

The School also leases various office equipment with monthly payments ranging from \$128 to \$508 through 2009. Total rental payments associated with equipment for the year ended June 30, 2009 were approximately \$40,000.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE H - COMMITMENTS AND CONTINGENCIES (continued)

2. Operating leases (continued)

Future minimum payments under the operating leases are as follows:

<u>Fiscal years</u>	
2010	\$ 1,915,979
2011	1,915,979
2012	1,915,979
2013	1,915,979
2014	1,915,979
2015-2019	9,579,895
2020-2024	9,579,895
2025-2027	<u>1,279,948</u>
Total	<u>\$ 30,019,633</u>

3. Construction commitments

At June 30, 2009, the School had uncompleted construction contracts and other contractual commitments related to expansion of the School. At June 30, 2009 the remaining construction commitments were approximately \$170,000 of which \$100,826 is included in retainage payable in the accompanying statement of net assets and balance sheet.

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, the following items 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 (see Note H-1). In its capacity as the management company, Academica Dade, LLC manages the finances and operations and makes recommendations to the School's independent Board, which makes the final determinations regarding policies and contracts. Management fees total \$658,130 for the year ending June 30, 2009.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE I - RELATED PARTY TRANSACTIONS (continued)

2. Operating lease

School Development H G II, LLC and Duke School Properties, LLC each own property which is leased to the School (see Note H-2). Presently, members of these companies are also stockholders in a company that solely owns Academica Dade, LLC. Academica Dade, LLC is also the company that manages the School (see Note H-1 and I-1). Total rent payments charged to the School for the year under this lease was \$1,915,979. The lease does not contain any provision as to the management of the School.

3. Due from / (due to) 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 / (due to) other schools, operated by Mater Academy, Inc, consists of the following at June 30, 2009:

<u>School</u>	<u>Due from / (Due to)</u>
Mater Performing Arts & Entertainment Academy	\$ 119,730
Mater Academy of International Studies	9,500
Mater Academy Charter Middle School	(20,321)
Mater Academy East Charter School	(32,672)
Mater Gardens and Lakes Charter	<u>(19,290)</u>
Total due from other schools	<u>\$ 56,947</u>

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, 2009 with an option to renew annually. The facility usage income earned during the year ending June 30, 2009 totaled \$244,880.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE I - RELATED PARTY TRANSACTIONS (continued)

4. Facility usage agreement (continued)

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

Fiscal year	
2010	\$ <u>20,407</u>

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 has zero liability per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2009. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three 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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
FTE	\$ 9,254,375	\$ 8,538,083	\$ 8,550,067	\$ 11,984
Other revenue	90,000	250,000	402,380	152,380
Facility usage income	298,000	242,443	244,880	2,437
Total revenue	<u>9,642,375</u>	<u>9,030,526</u>	<u>9,197,327</u>	<u>166,801</u>
Expenditures				
Salaries	4,228,425	4,615,000	4,606,578	8,422
Benefits	830,000	1,025,000	1,019,578	5,422
Purchased/contract services	1,505,000	935,000	932,310	2,690
Rentals and utilities	1,291,360	850,000	845,419	4,581
Materials and supplies	500,000	515,000	504,451	10,549
Capital outlay expenditures	-	1,750,000	1,706,668	43,332
Other	113,000	75,000	66,576	8,424
Total expenditures	<u>8,467,785</u>	<u>9,765,000</u>	<u>9,681,580</u>	<u>83,420</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,574,590</u>	<u>(734,474)</u>	<u>(484,253)</u>	<u>250,221</u>
Other financing sources:				
Transfers in	-	25,000	25,476	476
Net change in fund balance	1,574,590	(709,474)	(458,777)	250,697
Fund balances at July 1, 2008	3,998,200	3,998,200	3,998,200	-
Fund balances at June 30, 2009	<u>\$ 5,572,790</u>	<u>\$ 3,288,726</u>	<u>\$ 3,539,423</u>	<u>\$ 250,697</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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Capital outlay	\$ 1,358,640	\$ 1,475,000	\$ 1,473,618	\$ (1,382)
Total revenue	<u>1,358,640</u>	<u>1,475,000</u>	<u>1,473,618</u>	<u>(1,382)</u>
Expenditures				
Rent	1,358,640	1,475,000	1,473,618	1,382
Total expenditures	<u>1,358,640</u>	<u>1,475,000</u>	<u>1,473,618</u>	<u>1,382</u>
Excess of revenues over expenditures	-	-	-	-
Fund balances at July 1, 2008	-	-	-	-
Fund balances at June 30, 2009	<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, 2009

NOTE A - BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2009 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund 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

For the year ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE/PASS THROUGH FLORIDA DEPARTMENT OF EDUCATION		
National School Lunch Program	10.555	\$ 325,002
U.S. DEPARTMENT OF EDUCATION/PASS THROUGH DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY		
Title I Grants to Local Educational Agencies	84.010	187,765
Title I - Reading Leader	84.010	55,971
Title I - FCAT	84.010	19,975
Title III - Strengthening Institutions	84.367	3,628
		<u>\$ 592,341</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, 2008 to June 30, 2009. 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.



**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**

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

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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, 2009, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 24, 2009. 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

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In planning and performing our audit, we considered Mater Academy Charter High School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mater Academy Charter High School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mater Academy Charter High School's internal control over financial reporting.

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. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control over financial reporting. We consider the deficiency described in the management letter dated August 24, 2009, as item 09-3 to be a significant deficiency in internal control over financial reporting.

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 School's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above, as item 09-3, to be a material weakness.

Compliance and other matters

As part of obtaining reasonable assurance about whether Mater Academy Charter High School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement accounts. 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 also noted certain matters that we have reported to management in the management letter dated August 24, 2009.

Mater Academy Charter High School'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 School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Mater Academy Charter High School's management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, the State of Florida Office of the Auditor General and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

August 24, 2009
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP



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

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Compliance

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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, 2009. The School's major federal programs are identified in the summary of auditors' 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 the School's compliance based on our audit.

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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 the 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 the School's compliance with those requirements.

In our opinion, the 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, 2009.

Internal Control Over Compliance

The management of the 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 the School's internal control over compliance.

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.

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.

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

This report is intended solely for the information and use of Mater Academy Charter High School's management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, the State of Florida Office of the Auditor General and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

August 24, 2009
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2009

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | |
|--|-------------|
| 1. Type of auditors' report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes 09-3 |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditors' report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No |

4. Identification of major federal award programs:

CFDA Number

10.555

Name of Federal Program

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

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A programs: | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

See management letter dated August 24, 2009.

SECTION III – FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

None in the current year.

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None in the prior year.

MANAGEMENT LETTER



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

BREVARD OFFICE

8035 Spyglass Hill Rd.

Melbourne, FL 32940

phone 321-757-2020

fax 321-242-4844

We have audited the financial statements 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, Florida as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated August 24, 2009

ORLANDO OFFICE

480 N. Orlando Ave.

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Winter Park, FL 32789

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fax 407-644-6022

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated August 24, 2009, should be considered in conjunction with this management letter.

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Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which governs the conduct of the charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report as noted under the heading Prior Year Management Recommendations - Corrected.
- Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we identified recommendations as listed under the heading Current Year Management Recommendations, items 09-1 and 09-2.

- 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 findings.
- 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 amounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.
- Section 10.854(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 Charter High School*, 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 Corporation Act, and Section 1002.33, Florida Statutes.
- 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 used to determine if a school is in a financial emergency, described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School has not met any of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10)., Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the 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 management.

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 Mater Academy Charter High School's management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, the State of Florida Office of the Auditor General and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

August 24, 2009
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Prior Year Management Recommendations - Corrected

07-2 Budgetary comparison

Criteria: Financial and Program Cost Accounting and Reporting for Florida Schools ("Redbook") requires the budgetary comparison be presented on the modified accrual basis of accounting by fund and is to be amended when necessary.

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. In addition, the School did not amend their budget to reflect additional expenditures incurred, thus over-expended their budget in both the general fund and capital outlay fund.

Effect: The School is not in compliance with Redbook and their actual expenditures exceed their budgeted appropriations.

Auditor recommendation: We recommend that management prepares budgets for all major funds. We also recommend that the board amends their budgets when appropriate. The School has the ability to amend their budget within 60 days after their fiscal year end.

As of June 30, 2009, the above issue has been resolved.

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.

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

Auditor recommendation: We recommend that management of the School budget and account for its special revenue funds separately from its general fund.

As of June 30, 2009, the above issue has been resolved.

Prior Year Management Recommendations - Corrected (continued)

08-1 Internal Account

Criteria: Fees charged by the School for labs (i.e. Math, Sciences, etc.) should be recorded in the general operating account as opposed to the internal account.

Condition: During the 2007-2008 school year, the School was collecting the above mentioned fees and depositing them into the internal account of the School.

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

Effect: The School is understating its revenues in the general operating account and overstating the revenues in the internal account which should be designated specifically for fund raising purposes.

Auditors' recommendation: Management keep all revenue collected for labs separate of the internal fund and leave only fund raising activities for the internal account.

As of June 30, 2009, the above issue has been resolved.

08-2 Capitalization of fixed assets

Criteria: The School's capitalization policy calls for capitalization of property and equipment additions exceeding \$500 and an estimated useful life of more than two years.

Condition: When reviewing the fixed capital accounts for the School, we noted that there were items under the capitalization threshold that were being capitalized.

Cause: The School did not properly identify items that should not have been capitalized.

Effect: Capital asset accounts were overstated while supply expenditure accounts were understated by approximately \$44,000.

Auditors' recommendation: We recommend that the School review the expenditures of supplies and various repair and maintenance transactions to ensure that the amounts should not be capitalized.

As of June 30, 2009, the above issue has been resolved.

Current Year Management Recommendations

09-1 Lunch program revenue and expense allocation

Criteria: Mater Academy Charter High School ("Mater High") receives lunch program funding for all of the schools under Mater Academy, Inc. Mater High should then allocate the necessary funds to each school.

Condition: During the course of the audit, it was noted that Mater High recorded all lunch program revenues for other Mater Academy, Inc. schools. When Mater High allocated the appropriate revenues related to each of these schools and the transfers were made, they would record an expense instead of decreasing revenues. In addition, Mater High shares a location with two other schools. All lunch program revenues related to these schools were also recorded under Mater High. At the end of the year, Mater High allocated the profit or loss related to the program between these schools, but did not allocate the related revenues and expenses.

Effect: Mater High's revenues and expenses were overstated by the amount of revenues and expenses associated with other Mater Academy, Inc. schools by approximately \$800,000.

Auditors' recommendation: For the schools that Mater High shares a location with, we recommend that the revenues and expenses related to the lunch program be allocated proportionately based on the number of students. As for the other schools under Mater Academy, Inc., we recommend that Mater High decrease the revenues recorded when the transfers are made to these schools. After these allocations are made, the lunch program revenues and expenses recorded on Mater High's books are only those related to Mater High.

09-2 Construction in progress

Criteria: Uncompleted construction projects should be recorded as construction in progress on the Statement of Net Assets and should not be depreciated until the project has been completed and the asset is placed into service. In addition, when accounting for construction projects, it is necessary to accrue for retainage.

Condition: During our audit, we noted that the construction for a new pavilion was capitalized and depreciated on the fixed asset schedule. In addition, a construction draw and the retainage related to the construction project were not appropriately accrued.

Effect: The School's capital assets were understated by approximately \$316,000 while depreciation expense for the year was overstated approximately \$18,000.

Auditors' recommendation: We recommend that management track all construction costs and designate the project as construction in progress until the asset is placed into service. In addition, we recommend that the School record constructions commitments, such as retainage, when amounts have been incurred. Once construction is completed, the asset should be reclassified on the fixed asset schedule and depreciated.

Current Year Management Recommendations (continued)

09-3 Cutoff procedures

Material Weakness

Criteria: The accrual basis of accounting requires that all revenues be recorded when earned and all expenses be recorded in the period in which they are incurred.

Condition: During the search for unrecorded liabilities test for our audit, we noted material invoices that should have been recorded as a liability of the School at June 30, 2009.

Effect: The School's liabilities had to be materially adjusted to reconcile these errors by approximately \$408,000.

Auditors' recommendation: We recommend that the School accrue all expenses in the period in which they are incurred. In addition, we also recommend that the School implement procedures for reviewing these accrual accounts to ensure amounts are recorded in the correct period.

Mater Academy Charter High School

August 28, 2009

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

RE: MANAGEMENT'S RESPONSES TO AUDITOR'S RECOMMENDATIONS

Dear Mr. Whitley:

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

CURRENT YEAR RECOMMENDATIONS

09-01 Recommendation – Lunch program revenue and expense allocation

For the schools that the School shares a location with, we recommend that the revenues and expenses related to the lunch program be allocated proportionately based on the number of students. As for the other schools under Mater Academy, Inc., we recommend that the school decrease the revenues recorded when the transfers are made to these schools, to ensure that the revenues recorded are related only to the School.

Management Response

While management records the net effect of the lunch program for the shared School based on the number of students, management will follow the auditor's recommendation and record revenue and expenses as opposed to the net surplus/deficit. Management notified auditors during the course of the audit that for the other schools under Mater Academy Inc., the school will be decreasing revenues recorded when the transfers are made to these schools, to ensure that the revenues recorded are related only to the School.

09-02 Recommendation – Construction in progress

We recommend that management track all construction costs and designate the project as construction in progress until the asset is placed into service. In addition, we recommend that the School record constructions commitments, such as retainage, when amounts have been incurred. Once construction is completed, the asset should be reclassified on the fixed asset schedule and depreciated.

Management Response

Management will follow the auditor's recommendation.

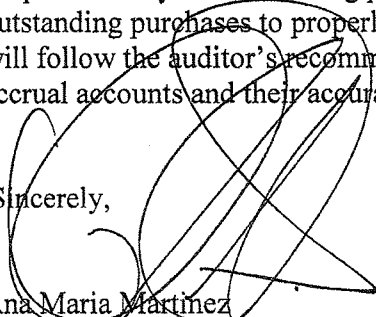
09-03 Recommendation – Cutoff procedures

We recommend that the School accrue all expenses in the period in which they are incurred. In addition, we also recommend that the School implement procedures for reviewing these accrual accounts to ensure amounts are recorded in the correct period.

Management Response

As part of our year end closing procedures, management reviews all open invoices and outstanding purchases to properly accrue liabilities in the period incurred. Management will follow the auditor's recommendation and implement procedures for reviewing the accrual accounts and their accuracy.

Sincerely,



Ana Maria Martinez
Authorized Signor for Mater Academy, Inc.