

Mater Academy East Charter High School
(A charter school under Mater Academy, Inc.)

Miami, Florida

Financial Statements And
Independent Auditors' Report

June 30, 2009

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Mater Academy East Charter High School
(A charter school under Mater Academy, Inc.)

450 SW 4th Street
Miami, Florida

2008-2009

Board Of Directors

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

School Administration

Alex Tamargo, Vice President and Principal

Other Non-voting Corporate Officers

Rene Rovirosa, Vice-President
Judith Marty, Vice-President
Beatriz Riera, Vice-President
Kim Guilarte, Vice-President
Lourdes Marrero, Vice-President



INDEPENDENT AUDITORS' REPORT

Board of Directors
Mater Academy East Charter High School
Miami, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Mater Academy East Charter High School (the "School"), a charter school under Mater Academy, Inc., which is a component unit of the District School Board of Miami-Dade County, as of, and for the year ended June 30, 2009, which collectively comprises the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Mater Academy East 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Mater Academy East 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 28, 2009, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information on pages 4 through 8 and 22 through 23, respectively, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. 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.

HLB Gravin, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2009

Management's Discussion and Analysis
Mater Academy East Charter High School
(A Charter School Under Mater Academy, Inc.)
June 30, 2009

The corporate officers of Mater Academy East Charter High School have prepared this narrative overview and analysis of Mater Academy's financial activities for the fiscal year ended June 30, 2009.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2009 by \$ 329,399 (net assets).
2. At year-end, the School had current assets on hand of \$ 519,093.
3. The net assets of the School increased by \$152,961 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 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 required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 15 - 21 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a charter school’s financial position. In the case of the School, assets exceeded liabilities by \$329,399 at the close of the fiscal year. A summary of the School’s net assets as of June 30, 2009 follows:

	2009	2008
Cash	\$ 241,923	\$ 27,217
Due from Other Agencies	229,462	222,879
Due from other schools	6,678	-
Prepaid expenses	38,592	6,355
Deposits	2,438	-
Capital Assets	157,552	151,855
Total Assets	<u>\$ 676,645</u>	<u>\$ 408,306</u>
Accounts Payable	\$ 122,239	\$ 99,391
Due to Other Schools	225,007	132,477
Total Liabilities	<u>\$ 347,246</u>	<u>\$ 231,868</u>
Invested in Capital Assets, net of related debt	157,552	151,855
Restricted	146,000	-
Unrestricted	25,847	24,583
Total Net Assets	<u>\$ 329,399</u>	<u>\$ 176,438</u>

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

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

	<u>2009</u>	<u>2008</u>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 197,291	\$ 194,105
Capital Outlay Funding	137,616	64,302
Charges for services	73,672	-
Lunch program	60,278	-
General Revenues		
FTE nonspecific revenues	1,043,749	452,904
Other Revenues	720	-
Total Revenues	<u>1,513,326</u>	<u>\$ 711,311</u>
EXPENSES		
Instruction	\$ 599,347	\$ 276,029
Instructional Staff Training Services	5,287	259
Board	15,129	17,875
School Administration	241,862	86,789
Fiscal Services	25,650	9,400
Food services	54,536	-
Central Services	26,642	10,776
Facility Acquisition	-	12,702
Operation of Plant	384,183	118,987
Maintenance of Plant	7,729	1,849
Community Services	-	207
Total Expenses	<u>1,360,365</u>	<u>534,873</u>
Increase in Net Assets	152,961	176,438
Net Assets at Beginning of Year	176,438	-
Net Assets at End of Year	<u>\$ 329,399</u>	<u>\$ 176,438</u>

Mater East High School's revenue and expenditures increased by \$802,015 and \$825,492 respectively in the current year. Although there was a large increase in student enrollment, the revenue surplus was affected due to the State of Florida initiated cut backs in FTE funding resulting from the adverse economic climate nationwide. The School had an increase in its net assets of \$152,961 for the year.

Accomplishments

The 2008-09 school year was filled with many accomplishments for Mater Academy East High School. Completing its second year of operation, the School nearly tripled the size of its student body to close to 200 students in grades 9th - 11th. Throughout the year, Mater Academy East High School received notable recognition: The School's new facilities were recognized nationally for exceptional design in the 2009 American School and University Magazine. The School also applied for and received accreditation from the Southern Association of Colleges and Schools (SACS). Most impressively, Mater East High became the first charter high school in the nation to be accepted into the National Academy Foundation Academy of Finance.

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 \$371,847.

Capital Assets

The School's investment in capital assets as of June 30, 2009 amounts to \$ 157,552 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment.

Governmental Fund Budget Analysis and Highlights

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

	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital Outlay Funding	\$ 183,000	\$ 138,000	\$ 137,616
Federal Grants	150,000	198,000	197,291
Charges for services	55,000	125,000	133,950
General Revenues			
FTE nonspecific revenues	1,223,960	1,025,000	1,043,749
Other Revenues	-	-	720
Total Revenues	<u>\$ 1,611,960</u>	<u>\$ 1,486,000</u>	<u>\$ 1,513,326</u>
EXPENSES			
Instruction	\$ 570,000	\$ 573,000	\$ 568,395
Instructional Staff Training Services	5,500	5,500	5,286
Board	20,000	20,000	15,129
School Administration	260,000	245,000	241,862
Fiscal Services	30,000	30,000	25,650
Central Services	30,000	30,000	26,641
Food services	55,000	55,000	54,398
Operation of Plant	436,400	378,000	372,921
Maintenance of Plant	10,000	10,000	7,614
Total Expenses	<u>\$ 1,416,900</u>	<u>\$ 1,346,500</u>	<u>\$ 1,317,896</u>

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year.

Requests for Information

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC, 6361 Sunset Drive, Miami, Florida, 33143.

Mater Academy East Charter High School
 (A charter school under Mater Academy, Inc.)

STATEMENT OF NET ASSETS
 June 30, 2009

Assets

Current Assets:		
Cash	\$	241,923
Due from other government agencies		229,462
Due from other schools		6,678
Prepaid expenses		38,592
Deposits receivable		<u>2,438</u>
		519,093
Capital assets, depreciable		217,623
Less accumulated depreciation		<u>(60,071)</u>
		157,552
Total Assets	\$	<u><u>676,645</u></u>

Liabilities and Net Assets

Current Liabilities:		
Accounts payable	\$	65,733
Due to other schools		25,007
Accrued liabilities		<u>56,506</u>
		147,246
Due to other schools, long term		<u>200,000</u>
Total Liabilities		<u>347,246</u>
Net Assets:		
Invested in capital assets		157,552
Restricted		146,000
Unrestricted		<u>25,847</u>
Total Net Assets		<u>329,399</u>
Total Liabilities and Net Assets	\$	<u><u>676,645</u></u>

The accompanying notes are an integral part of this financial statement

Mater Academy East Charter High School
 (A charter school under Mater Academy, Inc.)

STATEMENT OF ACTIVITIES
 For the year ended June 30, 2009

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 599,347	\$ 36,000	\$ 197,291	\$ -	(366,056)
Instructional staff training	5,287	-	-	-	(5,287)
Board	15,129	-	-	-	(15,129)
School administration	241,862	18,000	-	-	(223,862)
Fiscal services	25,650	-	-	-	(25,650)
Food services	54,536	4,832	55,446	-	5,742
Central services	26,642	-	-	-	(26,642)
Maintenance of plant	7,729	-	-	-	(7,729)
Operation of Plant	384,183	19,672	-	137,616	(226,895)
Total Governmental Activities	<u>1,360,365</u>	<u>78,504</u>	<u>252,737</u>	<u>137,616</u>	<u>(891,508)</u>
General revenues:					
FTE nonspecific revenues					1,043,749
Other revenue					<u>720</u>
Change in net assets					152,961
Net assets, beginning					<u>176,438</u>
Net assets, ending					<u><u>\$ 329,399</u></u>

The accompanying notes are an integral part of this financial statement

Mater Academy East Charter High School
 (A charter school under Mater Academy, Inc.)

BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2009

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 241,923	\$ -	\$ 241,923
Due from other government agencies	-	229,462	229,462
Due from other schools	6,678		6,678
Due from funds	83,462	-	83,462
Prepaid expenses	38,592	-	38,592
Deposits receivable	2,438		2,438
Total Assets	<u>\$ 373,093</u>	<u>\$ 229,462</u>	<u>\$ 602,555</u>
<u>Liabilities</u>			
Accounts payable	\$ 65,733	\$ -	\$ 65,733
Accrued liabilities	56,506	-	56,506
Due to other schools	25,007		25,007
Due to funds	-	83,462	83,462
Total Liabilities	<u>147,246</u>	<u>83,462</u>	<u>230,708</u>
<u>Fund balance</u>			
Reserved	-	146,000	146,000
Unreserved	225,847	-	225,847
	<u>225,847</u>	<u>146,000</u>	<u>371,847</u>
Total Liabilities and Fund Balance	<u>\$ 373,093</u>	<u>\$ 229,462</u>	<u>\$ 602,555</u>

The accompanying notes are an integral part of this financial statement

Mater Academy East Charter High School
(A charter school under Mater Academy, Inc.)

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
For the year ended June 30, 2009

Total Fund Balance - Governmental Funds \$ 371,847

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

Capital assets of \$217,623 net of accumulated depreciation of \$60,071 used in governmental activities are not financial resources and therefore are not reported in the fund. 157,552

Long term debt due to other charter schools in governmental activities are not current financial uses and therefore are not reported in the governmental funds. (200,000)

Total Net Assets - Governmental Activities \$ 329,399

The accompanying notes are an integral part of this financial statement

Mater Academy East Charter High School
(A charter school under Mater Academy, Inc.)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2009

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
State passed through local	\$ 1,043,749	\$ -	\$ 1,043,749
State capital outlay funding	-	137,616	137,616
Federal sources	-	197,291	197,291
Federal lunch program	-	55,446	55,446
Usage and lunch fees	73,672	4,832	78,504
Interest and other revenue	720	-	720
Total Revenues	<u>1,118,141</u>	<u>395,185</u>	<u>1,513,326</u>
Expenditures:			
Current			
Instruction	517,104	51,291	568,395
Instructional staff training services	5,286	-	5,286
Board	15,129	-	15,129
School administration	241,862	-	241,862
Fiscal services	25,650	-	25,650
Food services	-	54,398	54,398
Central services	26,641	-	26,641
Maintenance of plant	7,614	-	7,614
Operation of Plant	235,305	137,616	372,921
Community services	-	-	-
Capital outlay:			
Other capital outlay	48,166	-	48,166
Total Expenditures	<u>1,122,757</u>	<u>243,305</u>	<u>1,366,062</u>
Excess of Revenues Over Expenditures	(4,616)	151,880	147,264
Other financing sources			
Proceeds from long term debt	200,000	-	200,000
Transfers in and (out)	5,880	(5,880)	-
Net change in fund balance	201,264	146,000	347,264
Fund Balance at beginning of year	24,583	-	24,583
Fund Balance at end of year	<u>\$ 225,847</u>	<u>\$ 146,000</u>	<u>\$ 371,847</u>

The accompanying notes are an integral part of this financial statement

Mater Academy East Charter High School
(A charter school under Mater Academy, Inc.)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2009

Change in Fund Balance - Governmental Funds \$ 347,264

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$48,166 differed from depreciation expense of \$42,469. 5,697

Issuance of long term debt represents a financial source to governmental funds, but increases long-term debt in the statement of net assets. Decrease in long term debt is an expenditure in the governmental funds, but a decrease or payment of such debt reduces long-term debt in the statement of net assets. This is the amount by which repayments of \$0 exceeded proceeds in long-term debt of \$200,000 in the current period.

(200,000)

Change in Net Assets of Governmental Activities

\$ 152,961

The accompanying notes are an integral part of this financial statement

Note 1 – Organization and Operations

Mater Academy East Charter High School (the "School"), is a charter school under Mater Academy, Inc., a not-for-profit corporation organized in the State of Florida. The governing body of the School is the board of directors of Mater Academy, Inc., which also governs other charter schools. The School operates under a charter granted by the sponsoring district, the District School Board of Miami-Dade County (the "District"). The current charter expires on June 30, 2017 and is renewable for an additional 15 years by mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School is considered a component unit of such District. The School is located in Miami, Florida for students from ninth through twelfth grade and is funded by the District.

These financial statements are for the year ended June 30, 2009 when approximately 171 students were enrolled for the school year.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general and special revenue funds are reported as separate columns in the fund financial statements:

General Fund - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

Special Revenue Fund - accounts for specific revenue, such as federal grants and capital outlay funds that are legally restricted to expenditures for particular purposes.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Statement No. 33 Accounting and Financial Reporting for Non-Exchange Transactions, as amended by GASB Statement No. 36 Recipient Reporting for Certain Shared Non-Exchange Revenues, they include grants and donations. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Note 2 – Summary of Significant Accounting Policies (continued)

Cash

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

Due from Other Governments or Agencies

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

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with cost of \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	10-15 Years
Furniture, Equipment	5 Years
Textbooks	3 Years

Revenue Sources

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

Compensated Absences

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

Government Accounting Standards Board (GASB) Statement 16, Accounting for Compensated Absences, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefits years.

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

Income Taxes

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

Use of Estimates

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

Mater Academy East Charter High School
(A charter school under Mater Academy, Inc.)
Notes to Financial Statements
June 30, 2009

Note 3 –Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2009:

	Balance 07/01/08	Additions	Retirements	Balance 06/30/09
Capital Assets				
Furniture, equipment and textbooks	\$ 169,457	\$ 48,166	\$ -	\$ 217,623
Total Capital Assets	<u>169,457</u>	<u>48,166</u>	<u>-</u>	<u>217,623</u>
Less Accumulated Depreciation				
Furniture, equipment and textbooks	(17,602)	(42,469)	-	(60,071)
Total Accumulated Depreciation	<u>(17,602)</u>	<u>(42,469)</u>	<u>-</u>	<u>(60,071)</u>
Capital Assets, net	<u>\$ 151,855</u>	<u>\$ 5,697</u>	<u>\$ -</u>	<u>\$ 157,552</u>

Depreciation expense for the period ended June 30, 2009 was \$42,469 and is allocated in the Statement of Activities to instruction, facilities acquisition, and facilities operation and maintenance expense.

Note 4 –Management Agreement

Academica Dade, LLC, a professional charter school management company, provides management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and Academica Dade, LLC calls for a fee of \$450 per full time equivalent (FTE) student per year. The agreement is for a period of ten years, through July 2017, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2009, the School incurred approximately \$77,000 in management fees, of which \$64,487 were in accounts payable at year end. Academica Dade, LLC is located at 6361 Sunset Drive, Miami, Florida 33143 and its officers are:

Fernando Zulueta, President
Ignacio Zulueta, Vice President
Magdalena Fresen, Vice President
Collette Papa, Secretary

Note 5 – Transactions with Other Schools

During 2009, the School entered into a one-year usage agreement with Mater Academy High School of International Studies (a charter school under Mater Academy, Inc.) for the use of its facility and personnel based on a student cost allocation ratio. Total usage fees charged to Mater Academy High School of International Studies under this agreement totaled approximately \$73,600 during the year, including allocated payroll costs. In addition, at year end the school had a receivable of \$6,678 from Mater Academy East and a payable of \$25,007 to Mater Academy East Middle School (other charter schools under Mater Academy, Inc.).

During the year, the School received a long-term, non-interest bearing note in the amount of \$200,000 from Mater Academy (a charter school under Mater Academy, Inc.) for working capital purposes. The loan had a beginning balance of zero at the beginning of the year and no payments during 2009. The long-term note payable matures on June 30, 2012 and is secured by the School's assets.

The School's lunch program is shared with various schools. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements.

Note 6 – Deposits Policy and Credit Risk

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2009, the carrying amount of the School's deposits was \$241,923 and the respective bank balances totaled \$319,472, which are subject to coverage under the Federal Depository Insurance Corporation (FDIC).

Note 7 – Commitments and Contingencies

The School entered into a lease and security agreement with 990 Building, LLC for its 31,621 square feet including all ancillary facilities, outdoor areas and other improvements. Presently, members of the landlord are also stockholders of the entity which is the sole owner of Academica Dade, LLC, the School's management company (See note 4). This facility is shared with Mater Academy East Middle School (a charter school under Mater Academy, Inc.). Initial fixed annual payments under this agreement (based on \$26.50 per square foot) are approximately \$837,956 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through July 2027 with an option to renew for an additional five-year term. Under the agreement, the School must meet certain requirements and covenants including maintaining a "Lease Payment Coverage Ratio" of not less than 1.10 to 1.00 and maintaining a reserve for property expenses such as repairs, maintenance, taxes and insurance. Finally, under this agreement the School has granted a first lien on its pledged revenues, which include all revenues collected by the school from the Florida Department of Education, the District, and all other sources.

Note 7 – Commitments and Contingencies (continued)

Lease payments are allocated among the two schools based on enrollment and usage of facility. The allocation used for 2009, was approximately 36% for the School and 64% for Mater Academy East Middle School.

For 2009, rent expense totaled \$314,694, out which approximately \$314,000 related to the facility lease. As of June 30, 2009, the School had approximately \$32,000 of prepaid rent. Future minimum payments for the full lease (to be shared with Mater Academy East Middle School) are as follows:

<u>Year</u>	
2010	\$874,476
2011	\$874,476
2012	\$874,476
2013	\$874,476
2014	\$874,476
2015-2019	\$4,372,380 (Total for five-year period)
2020-2024	\$4,672,380 (Total for five-year period)
2025-2027	\$2,623,428 (Total for three-year period)

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

Note 8 – Risk Management

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

Note 9 – Defined Contribution Retirement Plan

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School provides a match of 50% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$1,776 for the year ended June 30, 2009. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by MassMutual Financial Group.

REQUIRED SUPPLEMENTARY INFORMATION

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2009

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 1,223,960	\$ 1,025,000	\$ 1,043,749
Usage fees	-	70,000	73,672
Interest and other revenue	-	-	720
Total Revenues	<u>\$ 1,223,960</u>	<u>\$ 1,095,000</u>	<u>\$ 1,118,141</u>
EXPENDITURES			
Current:			
Instruction	\$ 420,000	\$ 521,000	\$ 517,104
Instructional staff training services	5,500	5,500	5,286
Board	20,000	20,000	15,129
School Administration	260,000	245,000	241,862
Fiscal Services	30,000	30,000	25,650
Central Services	30,000	30,000	26,641
Operation of Plant	253,400	240,000	235,305
Maintenance of Plant	10,000	10,000	7,614
Total Current Expenditures	<u>1,028,900</u>	<u>1,101,500</u>	<u>1,074,591</u>
	<u>195,060</u>	<u>(6,500)</u>	<u>43,550</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	50,000	50,000	48,166
	<u>50,000</u>	<u>50,000</u>	<u>48,166</u>
Total Expenditures	<u>1,078,900</u>	<u>1,151,500</u>	<u>1,122,757</u>
Excess of Revenues Over Expenditures	145,060	(56,500)	(4,616)
Other financing sources			
Proceeds from long term debt	200,000	200,000	200,000
Transfers in and (out)	-	-	5,880
Net change in fund balance	345,060	143,500	201,264
Fund Balance at beginning of year	<u>24,583</u>	<u>24,583</u>	<u>24,583</u>
Fund Balance at end of year	<u>\$ 369,643</u>	<u>\$ 168,083</u>	<u>\$ 225,847</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the year ended June 30, 2009

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 183,000	\$ 138,000	\$ 137,616
Federal sources	150,000	198,000	197,291
Federal lunch program	50,000	50,000	55,446
Lunch fees	5,000	5,000	4,832
Total Revenues	<u>388,000</u>	<u>391,000</u>	<u>\$ 395,185</u>
EXPENDITURES			
Current:			
Instruction	150,000	52,000	51,291
Food Services	55,000	55,000	54,398
Operation of Plant	183,000	138,000	137,616
Total Current Expenditures	<u>388,000</u>	<u>245,000</u>	<u>243,305</u>
Excess of Revenues			
Over Current Expenditures	<u>-</u>	<u>146,000</u>	<u>151,880</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>388,000</u>	<u>245,000</u>	<u>243,305</u>
Excess of Revenues Over Expenditures	-	146,000	151,880
Other financing sources			
Transfers in and (out)	<u>-</u>	<u>-</u>	<u>(5,880)</u>
Net change in fund balance	-	146,000	146,000
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 146,000</u>	<u>\$ 146,000</u>



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

Board of Directors of
Mater Academy East Charter High School
Miami, Florida

We have audited the financial statements of the governmental activities and each major fund of Mater Academy East Charter High School (the "School") 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 28, 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

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

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

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

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

Compliance and Other Matters

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

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

HLB Gravis, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2009

MANAGEMENT LETTER

Board of Directors of
Mater Academy East Charter High School
Miami, Florida

We have audited the accompanying basic financial statements of Mater Academy East Charter High School as of and for the year ended June 30, 2009 and have issued our report thereon dated August 28, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosure in those reports, which are dated August 28, 2009, should be considered in conjunction with this management letter.

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

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

Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

2. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management.

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

3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential.

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

4. Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement accounts, considering both quantitative and qualitative factors: (1) violations of 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.

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

The official title of the school is disclosed in the accompanying financial statements.

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

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

7. Pursuant to Sections 10.854(1)(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 financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the audit committee, the Auditor General of the State of Florida and the School Board of Miami-Dade County, and is not intended to be and should not be used by anyone other than these specified parties.

HVB Gravin, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2009