

**MATER PERFORMING ARTS
& ENTERTAINMENT
ACADEMY
(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 PERFORMING ARTS & ENTERTAINMENT ACADEMY

(A Charter School Under Mater Academy, Inc.)

7901 N.W. 103rd Street
Hialeah Gardens, Florida 33016
(305) 828-1886

2008-2009

BOARD OF DIRECTORS

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Roberto Blanch
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SCHOOL ADMINISTRATION

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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
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INDEPENDENT AUDITORS' REPORT



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Board of Directors
Mater Performing Arts & Entertainment Academy
(A Charter School Under Mater Academy, Inc.)
Hialeah Gardens, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mater Performing Arts & Entertainment Academy, (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 the 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 the 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 the 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 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, 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.

August 24, 2009
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management's Discussion and Analysis

The corporate officers of the Mater Performing Arts & Entertainment Academy (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 \$1,559,312 (net assets).
- At year-end, the School had current assets on hand of \$1,616,162.
- The net assets of the School increased by \$387,802 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 7 - 8 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 School's funds 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 each major fund to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 9 - 12 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 13 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 \$1,559,312 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	\$ 1,602,520	\$ 1,170,370
Due from other agencies	4,909	3,930
Prepaid expenses	8,733	-
Capital assets	90,159	60,021
Total assets	<u>1,706,321</u>	<u>1,234,321</u>
LIABILITIES		
Accounts payable	295	15,303
Salaries and wages payable	26,984	25,484
Due to other schools	119,730	22,024
Total liabilities	<u>147,009</u>	<u>62,811</u>
NET ASSETS		
Invested in capital assets	90,159	60,021
Unrestricted	1,469,153	1,111,489
Total net assets	<u>\$ 1,559,312</u>	<u>\$ 1,171,510</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:		
Operating grants and contributions	\$ 328,767	\$ 267,499
Charges for services	6,252	23,156
General revenues:		
State through local school district	925,783	1,093,938
Other income	15,679	8,787
Total revenues	<u>1,276,481</u>	<u>1,393,380</u>
EXPENSES		
Basic instruction	363,765	255,209
Staff development	6,736	3,032
Board of directors	14,258	12,188
School administration	156,183	149,224
Fiscal services	23,102	26,437
Food services	37,764	76,521
Central services	23,102	26,437
Information services	615	-
Transportation	1,500	120
Operation of plant	261,543	289,819
Maintenance of plant	111	1,300
Total expenses	<u>888,679</u>	<u>840,287</u>
Changes in net assets	387,802	553,093
Net assets at beginning of year	<u>1,171,510</u>	<u>618,417</u>
Net assets at end of year	<u>\$ 1,559,312</u>	<u>\$ 1,171,510</u>

Mater Performing Arts & Entertainment Academy's revenues decreased by \$116,899 in the current year primarily due to a decrease in state funding as a result of state-wide budget cuts. The School also had an increase in expenses for the year in the amount of \$48,391. The largest increases in expenses were for basic instruction. Basic instruction increased significantly due to increased salary expenses for instructional staff. Despite the state-wide budget cut backs, the financial position of the School has improved during the current year. The School had an increase in its net assets (change in net assets) of \$387,802 for the year. In addition, the School increased its cash by \$432,150 and increased capital assets by \$30,138.

Lease of Facility

The School had a usage agreement with Mater Academy Charter High School for use of the facility located at 7901 NW 103rd Street, Hialeah Gardens, Florida 33016.

Accomplishments

In 2009, the School earned a letter grade of an "A" under the Florida School Recognition Program, and was among the top-performing high schools in Miami-Dade County, Florida. Out of non-magnet high schools, the School ranked among the top high schools in the school district, based on the points that the school received under the State of Florida Accountability Program. The School also received a "School Recognition Award" from the State of Florida and the "Superintendent's Platinum Award" for its achievements.

The School provides its students with a rigorous college preparatory curriculum, with an emphasis in the performing arts. The School is 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 \$1,469,153.

Capital Assets

The School's investment in capital assets for its governmental activities as of June 30, 2009 amounted to \$90,159 (net of accumulated depreciation). This investment in capital assets included furniture, fixtures and equipment, audio visual materials and computer equipment. 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 a decrease in appropriations of approximately \$11,600 from the original to final amended budget. The decrease was due mainly to a higher than expected decrease in salaries expenses from the original budget. Additionally, budgeted appropriations exceeded actual expenditures by \$83,296. This excess was a result of less than expected salary expenses, management fees, and rental expenses than was realized.

Request 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 Performing Arts & Entertainment Academy
(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	\$ 1,602,520
Due from other agencies	4,909
Prepaid expenses	8,733
Total current assets	<u>1,616,162</u>
CAPITAL ASSETS	
Capital assets, net of accumulated depreciation	
Furniture, fixtures and equipment	40,806
Audio visual materials	1,495
Computer equipment	47,858
Total capital assets	<u>90,159</u>
Total assets	<u>1,706,321</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	295
Accrued payroll and payroll taxes	26,984
Due to other schools	119,730
Total liabilities	<u>147,009</u>
NET ASSETS	
Investment in capital assets	90,159
Unrestricted	1,469,153
Total net assets	<u>\$ 1,559,312</u>

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

**Mater Performing Arts & Entertainment Academy
(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	\$ 363,765	\$ -	\$ 170,610	\$ -	\$ (193,155)
Staff development	6,736	-	-	-	(6,736)
Board of directors	14,258	-	-	-	(14,258)
School administration	156,183	-	-	-	(156,183)
Fiscal services	23,102	-	-	-	(23,102)
Food services	37,764	6,252	34,222	-	2,710
Central services	23,102	-	-	-	(23,102)
Information services	615	-	-	-	(615)
Transportation	1,500	-	-	-	(1,500)
Operation of plant	261,543	-	123,935	-	(137,608)
Maintenance of plant	111	-	-	-	(111)
Total governmental activities	<u>\$ 888,679</u>	<u>\$ 6,252</u>	<u>\$ 328,767</u>	<u>\$ -</u>	<u>(553,660)</u>
General revenues:					
State through local school district					925,783
Other income					15,679
Total general revenues					<u>941,462</u>
Change in net assets					387,802
Net assets at July 1, 2008					<u>1,171,510</u>
Net assets at June 30, 2009					<u>\$ 1,559,312</u>

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

**Mater Performing Arts & Entertainment Academy
(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	\$ 1,602,520	\$ -	\$ -	\$ 1,602,520
Due from other agencies	-	4,909	-	4,909
Due from other funds	4,909	-	-	4,909
Prepaid expenses	8,733	-	-	8,733
Total assets	\$ 1,616,162	\$ 4,909	\$ -	\$ 1,621,071
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 295	\$ -	\$ -	\$ 295
Accrued payroll and payroll taxes	26,984	-	-	26,984
Due to other funds	-	4,909	-	4,909
Due to other schools	119,730	-	-	119,730
Total liabilities	147,009	4,909	-	151,918
FUND BALANCES				
Unreserved	1,469,153	-	-	1,469,153
Total fund balances	1,469,153	-	-	1,469,153
Total liabilities and fund balances	\$ 1,616,162	\$ 4,909	\$ -	\$ 1,621,071

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

**Mater Performing Arts & Entertainment Academy
(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 \$ 1,469,153

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:

Furniture, fixtures and equipment, net of \$49,461
accumulated depreciation.

\$ 40,806

Audio visual materials, net of \$1,495
accumulated depreciation.

1,495

Computer equipment, net of \$5,318
accumulated depreciation.

47,858

Total capital assets

90,159

Total net assets of governmental activities

\$ 1,559,312

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

**Mater Performing Arts & Entertainment Academy
(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 local school district	\$ 86,039	\$ -	\$ 84,571	\$ 170,610
Federal passed through state	-	-	34,222	34,222
State passed through local school district	925,783	123,935	-	1,049,718
School lunch receipts	-	-	6,252	6,252
Other income	15,679	-	-	15,679
Total revenues	<u>1,027,501</u>	<u>123,935</u>	<u>125,045</u>	<u>1,276,481</u>
Expenditures				
Current:				
Basic instruction	261,878	-	84,571	346,449
Staff development	6,736	-	-	6,736
Board of directors	14,258	-	-	14,258
School administration	156,183	-	-	156,183
Fiscal services	23,102	-	-	23,102
Food services	-	-	37,764	37,764
Central services	23,102	-	-	23,102
Information services	615	-	-	615
Transportation	1,500	-	-	1,500
Operation of plant	131,040	123,935	-	254,975
Maintenance of plant	111	-	-	111
Fixed capital outlay	54,022	-	-	54,022
Total expenditures	<u>672,547</u>	<u>123,935</u>	<u>122,335</u>	<u>918,817</u>
Excess of revenues over expenditures	<u>354,954</u>	<u>-</u>	<u>2,710</u>	<u>357,664</u>
Other financing sources (uses):				
Transfers in	2,710	-	-	2,710
Transfers out	-	-	(2,710)	(2,710)
Total other financing sources (uses)	<u>2,710</u>	<u>-</u>	<u>(2,710)</u>	<u>-</u>
Net change in fund balances	357,664	-	-	357,664
Fund balances at July 1, 2008	1,111,489	-	-	1,111,489
Fund balances at June 30, 2009	<u>\$ 1,469,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,469,153</u>

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

**Mater Performing Arts & Entertainment Academy
(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 governmental funds		\$ 357,664
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	\$ 54,022	
Less depreciation	<u>(23,884)</u>	
		<u>30,138</u>
Change in net assets of governmental activities		<u><u>\$ 387,802</u></u>

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

**Mater Performing Arts & Entertainment Academy
(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 Performing Arts & Entertainment Academy (the "School") is a charter school under Mater Academy, Inc., which is a not-for-profit corporation organized in the State of Florida. The School is located in Hialeah Gardens, Florida, serving children from ninth through twelfth grade. The governing body of the School is the Board of Directors (the "Board"), which is composed of five members. The financial information presented is that of Mater Performing Arts & Entertainment Academy 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, 2015, 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. The School is funded by the District and in addition, receives government grants.

These financial statements are for the year ended June 30, 2009, when 154 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 divided 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. 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.

**Mater Performing Arts & Entertainment Academy
(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)

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 Performing Arts & Entertainment Academy
(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 School District of Miami-Dade County, 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.

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

5. Due from other governments or agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School. The School's management determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

6. Interfund activity

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 primarily 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 Performing Arts & Entertainment Academy
(A Charter School under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. 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.

8. 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:

Furniture, fixtures and equipment	5
Audio visual materials	5
Computer hardware	5

9. 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.

**Mater Performing Arts & Entertainment Academy
(A Charter School under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Revenue sources (continued)

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.

10. Use of estimates

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

NOTE B - CASH AND CASH EQUIVALENTS

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. The School does not have a formal policy regarding custodial credit risk.

**Mater Performing Arts & Entertainment Academy
(A Charter School under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE B - CASH AND CASH EQUIVALENTS (continued)

At June 30, 2009, \$18,335 of the School's cash balances were in non-interest bearing accounts and thus were fully insured. In addition, at June 30, 2009, the School had \$1,720,000 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	\$ 1,720,000	\$ 1,720,000

NOTE C - 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 D - DUE FROM OTHER AGENCIES

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

Capital outlay	\$ 4,909
----------------	----------

**Mater Performing Arts & Entertainment Academy
(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:				
Furniture, fixtures and equipment	\$ 89,421	\$ 846	\$ -	\$ 90,267
Audio visual materials	2,990	-	-	2,990
Computer hardware	-	53,176	-	53,176
Total assets depreciated	<u>92,411</u>	<u>\$ 54,022</u>	<u>\$ -</u>	<u>146,433</u>
Less accumulated depreciation:				
Furniture, fixtures and equipment	31,493	\$ 17,968	\$ -	49,461
Audio visual materials	897	598	-	1,495
Computer equipment	-	5,318	-	5,318
Total accumulated depreciation	<u>32,390</u>	<u>\$ 23,884</u>	<u>\$ -</u>	<u>56,274</u>
Capital assets, net	<u>\$ 60,021</u>			<u>\$ 90,159</u>

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

Basic instruction	\$ 17,316
Operation of plant	<u>6,568</u>
	<u>\$ 23,884</u>

**Mater Performing Arts & Entertainment Academy
(A Charter School under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE F - CONCENTRATIONS

Revenue sources

As stated in Note A-9, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
Miami-Dade County Public School District:	
Base funding	\$ 639,788
Discretionary millage	69,829
Discretionary lottery	3,840
Declining enrollment	2,071
Instructional materials allocation	14,638
Supplemental academic instruction	56,310
Exceptional student education guaranteed allocation	22,181
Safe schools	4,777
Class size reduction funds	149,087
Administration fee withheld (5%)	(47,449)
Other school board deductions	(14,544)
Subtotal	900,528
Capital outlay	123,935
Title I - School wide	25,850
Title I - Reading leader	55,971
Title I - FCAT	2,750
Merit Award Program	9,782
Florida school recognition program	14,832
AP bonus income	10,689
Continuation grant	75,350
Other state revenue	641
Total from Miami-Dade County Public School District	1,220,328
Other revenue:	
National School Lunch Program	34,222
School lunch receipts	6,252
Other income	15,679
	\$ 1,276,481

**Mater Performing Arts & Entertainment Academy
(A Charter School under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE G - 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 extends through June 30, 2010, with an option to renew by the School. Academica Dade, LLC agrees to renew the contract at the School's option unless the School breaches the contract. During the year ended June 30, 2009, the School incurred \$69,305 in management fees, of which no amounts were due to the management company at year end.

2. Facility usage agreement

The School has entered into a facility usage agreement with Mater Academy Charter High School. The School will pay Mater Academy Charter High School a flat monthly fee based on a monthly student cost allocation ratio. The length of the agreement extends from August 1, 2008 through July 31, 2013 and contains an option to renew annually by the School. Total rent payments charged to the School under this agreement amounted to \$244,880 for the year ended June 30, 2009.

Future minimum payments under this agreement are as follows:

<u>June 30,</u>	<u>Amount</u>
2010	<u>\$ 20,407</u>

NOTE H - 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 G-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 of Directors, which makes the final determinations regarding policies and contracts. Management fees total \$69,305 for the year ending June 30, 2009.

**Mater Performing Arts & Entertainment Academy
(A Charter School under Mater Academy, Inc.)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

NOTE H - RELATED PARTY TRANSACTIONS (continued)

2. Usage agreement

School Development H G II, LLC and Duke Schools Properties, LLC, owns property which is leased to Mater Academy Charter High School which is then sub-rented to Mater Performing Arts & Entertainment Academy (see Note G-2). Presently, members of each of these are also stockholders in a company which is the sole owner of Academica Dade, LLC. Academica Dade, LLC, is also the company that manages the School (see Note G-1 and H-1). Total rent payments charged to the School for the year under this agreement was \$244,880. The agreement does not contain any provision as to the management of the School.

3. Due to other schools

The School's facility is shared with Mater Academy Charter High School and Mater Academy Charter Middle School (see Note G-2), which are 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.

The amounts due to other schools consist of the following at June 30, 2009:

Due to Mater Academy Charter High School	<u>\$ 119,730</u>
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NOTE I - 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 Performing Arts & Entertainment Academy
(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	\$ 953,405	\$ 900,000	\$ 900,528	\$ 528
Other revenue	-	18,049	126,973	108,924
Total revenues	<u>953,405</u>	<u>918,049</u>	<u>1,027,501</u>	<u>109,452</u>
Expenditures:				
Salaries	370,260	328,346	305,956	22,390
Benefits	72,000	83,287	66,775	16,512
Professional technical services	171,000	150,000	130,460	19,540
Rent and utilities	128,698	101,210	92,296	8,914
Materials and supplies	20,000	32,500	20,548	11,952
Capital outlay expenditures	-	55,000	54,022	978
Other	5,500	5,500	2,490	3,010
Total expenditures	<u>767,458</u>	<u>755,843</u>	<u>672,547</u>	<u>83,296</u>
Excess of revenues over expenditures	185,947	162,206	354,954	192,748
Other financing sources:				
Transfers in	-	3,000	2,710	(290)
Net change in fund balances	<u>185,947</u>	<u>165,206</u>	<u>357,664</u>	<u>192,458</u>
Fund balances at July 1, 2008	<u>1,111,489</u>	<u>1,111,489</u>	<u>1,111,489</u>	<u>-</u>
Fund balances at June 30, 2009	<u>\$ 1,297,436</u>	<u>\$ 1,276,695</u>	<u>\$ 1,469,153</u>	<u>\$ 192,458</u>

See accompanying notes to required supplemental information.

**Mater Performing Arts & Entertainment Academy
(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	<u>\$ 146,880</u>	<u>\$ 134,368</u>	<u>\$ 123,935</u>	<u>\$ (10,433)</u>
Total revenue	146,880	134,368	123,935	(10,433)
Expenditures				
Rent	<u>146,880</u>	<u>134,368</u>	<u>123,935</u>	<u>10,433</u>
Total expenditures	<u>146,880</u>	<u>134,368</u>	<u>123,935</u>	<u>10,433</u>
Net change in fund balances	-	-	-	-
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 Performing Arts & Entertainment Academy
(A Charter School under Mater Academy, Inc.)**

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2009

NOTE A - BUDGETARY INFORMATION

Budgetary basis

The School's annual budget is adopted for the entire operation at the modified accrual 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.



**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**

BREVARD OFFICE

8035 Spyglass Hill Rd.
Melbourne, FL 32940
phone 321-757-2020
fax 321-242-4844

Board of Directors
Mater Performing Arts & Entertainment Academy
(A Charter School Under Mater Academy, Inc.)
Hialeah Gardens, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mater Performing Arts & Entertainment Academy, (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.

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Internal Control Over Financial Reporting

WEST PALM OFFICE

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fax 561-837-6632

In planning and performing our audit, we considered Mater Performing Arts & Entertainment Academy'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 Performing Arts & Entertainment Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mater Performing Arts & Entertainment Academy's internal control over financial reporting.

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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 09-2, 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 Performing Arts & Entertainment Academy'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 09-2, to be a material weakness.

Compliance and other matters

As part of obtaining reasonable assurance about whether Mater Performing Arts & Entertainment Academy'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 Performing Arts & Entertainment Academy's response to our findings identified in our audit is described in the accompanying letter of management response. We did not audit Mater Performing Arts & Entertainment Academy's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Mater Performing Arts & Entertainment Academy'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

MANAGEMENT LETTER



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Board of Directors
Mater Performing Arts & Entertainment Academy
(A Charter School Under Mater Academy, Inc.)
Hialeah Gardens, Florida

We have audited the financial statements of Mater Performing Arts & Entertainment Academy (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.

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. Disclosures in that report, which are dated August 24, 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 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 two 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 Performing Arts & Entertainment Academy*, 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 same.

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 Performing Arts & Entertainment Academy'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

07-1 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.

Effect: The School is not in compliance with Redbook.

Auditors' recommendation: We recommend that management prepares budgets for all funds.

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

07-2 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.

Auditors' 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.

Current Year Management Recommendations

09-1 Lunch program revenue and expense allocation

Criteria: Mater Performing Arts & Entertainment Academy ("Mater Performing Arts") receives lunch program funding, which is recorded by a related school under Mater Academy, Inc. in which Mater Performing Arts shares a location. Mater Performing Arts should then allocate its proportionate share of the revenues and expenses related to this program.

Condition: During the course of the audit, it was noted that the related school which shares a location with Mater Performing Arts recorded all lunch program revenues and expenses. At the end of the year, the related school would allocate any profit or loss related to the program between the schools, but did not appropriately allocate the related revenues and expenses.

Effect: Mater Performing Arts' revenues and expenses were understated by its proportionate share of the lunch program, approximately \$34,206.

Auditors' recommendation: We recommend that Mater Performing Arts be appropriately allocated its share of the revenues and expenses related to the lunch program based on the number of students.

09-2 Cutoff procedures

Material Weakness

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

Condition: The School shares a campus with a related charter school under Mater Academy, Inc. The School is obligated to pay a quarterly facility usage fee for shared use of the campus. During the audit, it was noted that the School did not record expenses related to the facility usage agreement for two of the four quarters.

Effect: Expenses of the School were understated by \$122,440 and the School's trial balance had to be materially adjusted to reconcile these errors.

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 Performing Arts & Entertainment Academy

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

We recommend that Mater Performing Arts be appropriately allocated its share of the revenues and expenses related to the lunch program based on the number of students.

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.

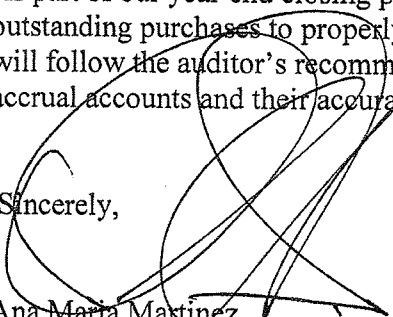
09-02 Recommendation – Cutoff procedures

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.