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**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Financial Statements**  
**And**  
**Independent Auditors' Report**  
**June 30, 2010**

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# INTRODUCTION SECTION

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**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**

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**7700 NW 98<sup>th</sup> Street**  
**Hialeah Gardens, FL 33172**

**Board of Directors**

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

**School Administration**

Ms. Cecilia Telleria-Bermeosolo, Principal and Vice President

**Other Non-voting Corporate Officers**

Rene Rovirosa, Vice-President  
Judith Marty, Vice-President  
Beatriz Riera, Vice-President  
Alex Tamargo, Vice-President  
Lourdes Marrero, Vice-President  
Alejandra Salima Abello Jacquinet, Vice-President  
Cecilia Telleria-Bermeosolo, Vice-President

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## **Independent Auditors' Report**

To the Board of Directors of  
Mater Academy (A Charter School Under Mater Academy, Inc.)

We have audited the accompanying basic financial statements of Mater Academy (the "School"), a charter school under Mater Academy, Inc. (a not-for-profit organization), operating as a component unit of the District School Board of Miami-Dade County, as listed in the table of contents, as of and for the year ended June 30, 2010. These financial statements are the responsibility of Mater Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits in the State of Florida. 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mater Academy, a charter school under Mater Academy, Inc., as of June 30, 2010 and 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 (pages 24-25) dated August 27, 2010 on our consideration of Mater Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants with respect to its Charter School. 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 the audit performed in accordance with Government Auditing Standards and should be read in conjunction with the report in considering the results of our audit.

**Members of:**

American Institute of  
Certified Public Accountants

Florida Institute of  
Certified Public Accountants

National Association of  
Certified Valuation Analysts

To the Board of Directors of  
Mater Academy (A Charter School Under Mater Academy, Inc.)

In accordance with Section 218.39(4), Florida Statutes, and Sections 10.856(2)(d) and 10.806(2)(d), Rules of the Auditor General, we have issued a Management Letter Pursuant to the Rules of the Auditor General for The State of Florida (pages 26-27) dated August 27, 2010.

Government Auditing Standards require that Management's Discussion and Analysis and the budgetary comparison information on pages 4-9 and pages 28-29, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Mater Academy, a charter school under Mater Academy, Inc., taken as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section (page 1) has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Ocariz, Gitlin, & Zomerfeld, LLP*

August 27, 2010



**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Management's Discussion and Analysis (Unaudited)**

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August 27, 2010

Board of Directors  
Mater Academy (A Charter School Under Mater Academy, Inc.)

The School is located in Miami, FL serving 700 children from kindergarten through fifth grade.

The corporate officers of Mater Academy, Inc. have prepared this narrative overview and analysis of Mater Academy's (the School) financial activities for the fiscal year ended June 30, 2010.

### **Financial Highlights**

1. The assets of the School exceeded its liabilities at June 30, 2010 by \$7,742,745 (net assets).
2. At year-end, the School had current assets on hand of \$6,921,805.
3. The net assets of the School increased by \$ 899,581 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, 2010 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 10-11 of this report.

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**

**Management's Discussion and Analysis (Unaudited) (Continued)**

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*Fund Financial Statements*

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

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

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

The basic governmental fund financial statements can be found on pages 12-16 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 17-23 of this report.

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Management's Discussion and Analysis (Unaudited) (Continued)**

*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 this connection, assets exceeded liabilities by \$7,742,745 at the close of the fiscal year. A summary of the School's net assets as of June 30, 2010 and 2009 follows:

<u>Assets</u>	2010	2009
<b>Current Assets</b>		
Cash	\$ 6,706,123	\$ 5,458,986
Accounts receivable	41,498	9,605
Due from other agencies	162,834	170,848
Prepaid expenses and other	11,350	54,004
<b>Total current assets</b>	<u>6,921,805</u>	<u>5,693,443</u>
<b>Property and equipment, net</b>	822,681	1,206,429
<b>Due from other schools, long-term</b>	241,606	200,000
	<u>\$ 7,986,092</u>	<u>\$ 7,099,872</u>
<u><b>Liabilities and Net Assets</b></u>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 243,347	\$ 256,708
<b>Net Assets</b>		
Invested in capital assets	822,681	1,206,429
Unrestricted	6,920,064	5,636,735
<b>Total net assets</b>	<u>7,742,745</u>	<u>6,843,164</u>
	<u>\$ 7,986,092</u>	<u>\$ 7,099,872</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.

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Management's Discussion and Analysis (Unaudited) (Continued)**

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2010 and 2009 follows.

<b>Revenues</b>	<u>2010</u>	<u>2009</u>
<b>Program revenues:</b>		
Federal passed through local school district -Title I	\$ 170,163	\$ 201,745
State revenue - capital outlay	407,438	440,156
Local sources - interest and other contributions		87,680
<b>General revenues:</b>		
State passed through local school district - FTE	4,506,554	4,432,470
Contributions	94,104	46,395
<b>Total revenues</b>	<u>5,178,259</u>	<u>5,208,446</u>
<b>Expenses</b>		
Instruction	2,487,043	2,643,645
Instructional media services	658	658
Instructional staff training	4,079	8,181
Board - purchased services	18,271	59,712
School administration	598,542	777,759
Facility acquisition and construction	242,059	257,535
Fiscal services	105,200	104,625
Food services	400	2,014
Central services	105,594	110,322
Public transportation services		4,173
Operation of plant	589,826	584,892
Maintenance of plant	127,006	135,881
<b>Total expenses</b>	<u>4,278,678</u>	<u>4,689,397</u>
<b>Excess of revenues over expenditures</b>	899,581	519,049
<b>Net assets - beginning</b>	<u>6,843,164</u>	<u>6,324,115</u>
<b>Net assets - ending</b>	<u>\$ 7,742,745</u>	<u>\$ 6,843,164</u>

As a result of conservative budgeting, Mater Academy was able to decrease expenses resulting in an overall net asset increase.

### **Capital Improvement Requirements**

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

### **Accomplishments**

Having completed its twelfth year of operation this past year, Mater Academy continues to be one of Florida's most successful charter schools. This past year marked the beginning of a new era for the school, as the founding principal and assistant principal of the school "passed the torch" to a new administrative team.

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**

**Management's Discussion and Analysis (Unaudited) (Continued)**

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**Accomplishments (continued)**

In 2010, Mater Academy earned a letter grade of "A" for the eighth consecutive year, and was ranked among the top public elementary schools in Miami-Dade County, based on the points it received under the State of Florida Accountability Program. The School received a "School Recognition Award" from the Florida Department of Education and achieved Adequate Yearly Progress under the No Child Left Behind Act.

Mater Academy received various accolades this past year, including a recognition award (for the eight consecutive year) by the United Way Campaign. Mater Academy is accredited by the Southern Association of Colleges and School (SACS).

**School Location**

The school continues to operate from its facility located at NW 77<sup>th</sup> Avenue and 98<sup>th</sup> Street in Hialeah Gardens.

**Financial Analysis of the Governmental'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 \$6,6678,458.

**Capital Assets**

The School's investment in capital assets as of June 30, 2010 amounts to \$822,681 (net of accumulated depreciation of \$3,128,029). This investment in capital assets includes improvements to building, furniture, fixtures and equipment.

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Management's Discussion and Analysis (Unaudited) (Continued)**

**Governmental Fund Budget Analysis and Highlights**

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

	General Fund		Special Revenue Fund	
	Original/Final Budget	Actual	Original/Final Budget	Actual
<b>Revenues</b>				
State passed through local school district - FTE	\$ 4,450,000	\$ 4,506,554		
Federal passed through local school district - Title I			\$ 171,000	\$ 170,163
State revenue - capital outlay			408,000	407,438
Local services - other contributions		94,104		
<b>Total revenues</b>	<b>4,450,000</b>	<b>4,600,658</b>	<b>579,000</b>	<b>577,601</b>
<b>Expenditures</b>				
Instruction	2,200,000	2,196,686	171,000	170,163
Instructional staff training	5,000	4,079		
Board	25,000	18,271		
School administration	600,000	598,444		
Fiscal services	115,000	105,200		
Food services	1,000	400		
Central services	110,000	105,594		
Operation of plant	200,000	181,667	408,000	407,438
Maintenance of plant	115,000	106,987		
<b>Total expenditures</b>	<b>3,371,000</b>	<b>3,317,328</b>	<b>579,000</b>	<b>577,601</b>
<b>Excess of revenues over expenditures</b>	<b>1,079,000</b>	<b>1,283,330</b>		
<b>Other financing use, net - long term advance to school</b>	<b>(45,000)</b>	<b>(41,607)</b>		
<b>Net change in fund balance</b>	<b>\$ 1,034,000</b>	<b>\$ 1,241,723</b>		

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**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Statement of Net Assets**  
**June 30, 2010**

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Assets

**Current Assets**

Cash	\$ 6,706,123
Accounts receivable	41,498
Due from other agencies	162,834
Prepaid expenses and other	11,350
<b>Total current assets</b>	<b>6,921,805</b>

**Property and equipment, net** 822,681

**Due from other schools** 241,606

**\$ 7,986,092**

Liabilities and Net Assets

**Current Liabilities**

Accounts payable and accrued expenses	\$ 22,395
Accrued payroll	200,952
Due to other school	20,000
<b>Total current liabilities</b>	<b>243,347</b>

**Net Assets**

Invested in capital assets	822,681
Unrestricted	6,920,064
<b>Total net assets</b>	<b>7,742,745</b>
	<b>\$ 7,986,092</b>

Attention is directed to independent auditors' report and notes to financial statements.

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets Government
		Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>				
Instruction	\$ 2,487,043	\$ 170,163		\$ (2,316,880)
Instructional media services	658			(658)
Instructional staff training	4,079			(4,079)
Board	18,271			(18,271)
School administration	598,542			(598,542)
Facility acquisition and construction -rental property	242,059			(242,059)
Fiscal services	105,200			(105,200)
Food services	400			(400)
Central services	105,594			(105,594)
Operation of plant	589,826		\$ 407,438	(182,388)
Maintenance of plant	127,006			(127,006)
<b>Total government activities</b>	<b>4,278,678</b>	<b>170,163</b>	<b>407,438</b>	<b>(3,701,077)</b>
<b>General Revenues</b>				
State passed through local school district - FTE				4,506,554
Interest and other revenue				94,104
Changes in net assets				899,581
<b>Net assets - beginning</b>				6,843,164
<b>Net assets - ending</b>				<b>\$ 7,742,745</b>

Attention is directed to independent auditors' report and notes to financial statements.



**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Governmental Funds Balance Sheet**  
**June 30, 2010**

	General Fund	Special Revenue Fund	Combined Total Governmental Funds
<b><u>Assets</u></b>			
<b>Current Assets</b>			
Cash	\$ 6,706,123		\$ 6,706,123
Accounts receivable	41,498		41,498
Due from other agencies		\$ 162,834	162,834
Due from other fund	162,834		162,834
Prepaid expenses and other	11,350		11,350
	<u>\$ 6,921,805</u>	<u>\$ 162,834</u>	<u>\$ 7,084,639</u>
<b><u>Liabilities and Fund Balances</u></b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 22,395		\$ 22,395
Accrued payroll	200,952		200,952
Due to other school	20,000		20,000
Due to other fund		\$ 162,834	162,834
<b>Total current liabilities</b>	<u>243,347</u>	<u>162,834</u>	<u>406,181</u>
<b>Fund Balances</b>			
Unreserved	6,678,458		6,678,458
	<u>\$ 6,921,805</u>	<u>\$ 162,834</u>	<u>\$ 7,084,639</u>

Attention is directed to independent auditors' report and notes to financial statements.

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Assets**  
**June 30, 2010**

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**Total funds balance - Governmental funds balance sheet** \$ 6,678,458

**Amounts 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 as assets in governmental funds. The cost of assets is \$3,950,710 and the accumulated depreciation is \$3,128,029. 822,681

Long-term receivables from other charter schools in governmental activities are not financial resources and therefore are not reported in the governmental funds. 241,606

**Total net assets - Statement of net assets** \$ 7,742,745

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Statement of Governmental Funds Revenues, Expenditures and Changes**  
**in Fund Balances**  
**For the Year Ended June 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Totals Governmental Funds</u>
<b>Revenues</b>			
State passed through local school district - FTE	\$ 4,506,554		\$ 4,506,554
Federal passed through state school district - Title I		\$ 170,163	170,163
State revenue - capital outlay		407,438	407,438
Local sources - interest and other contributions	94,104		94,104
<b>Total revenues</b>	<u>4,600,658</u>	<u>577,601</u>	<u>5,178,259</u>
<b>Expenditures</b>			
Instruction	2,196,686	170,163	2,366,849
Instructional staff training	4,079		4,079
Board	18,271		18,271
School administration	598,444		598,444
Fiscal services	105,200		105,200
Food services	400		400
Central services	105,594		105,594
Operation of plant	181,667	407,438	589,105
Maintenance of plant	106,987		106,987
<b>Total expenditures</b>	<u>3,317,328</u>	<u>577,601</u>	<u>3,894,929</u>
<b>Excess of revenues over expenditures</b>	1,283,330		1,283,330
<b>Other financing use, net - long term advance to school</b>	(41,607)		(41,607)
<b>Net change in fund balance</b>	<u>1,241,723</u>		<u>1,241,723</u>
Fund balances - beginning	5,436,735		5,436,735
<b>Fund balances - ending</b>	<u>\$ 6,678,458</u>		<u>\$ 6,678,458</u>

Attention is directed to independent auditors' report and notes to financial statements.

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**

**Reconciliation of the Statement of Governmental Funds Revenues,  
Expenditures and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2010**

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**Net change in fund balances - Statement of governmental funds  
revenues, expenditures, and changes in fund balances** \$ 1,241,723

**Amounts 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 as assets  
in governmental funds.

Expenditures for capital assets	43,468
Less: current year depreciation expense	(427,217)

Issuance of long-term receivables represents a financial expenditure  
to governmental funds, but increases long-term assets in the  
statement of net assets. Increase in long-term receivables is an  
expenditure in the governmental funds, but a decrease or collections  
of such receivables reduces long-term assets in the statement of net assets.

41,607

**Change in net assets - Statement of activities**

\$ 899,581

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Statement of Net Assets - Fiduciary Fund**  
**June 30, 2010**

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Assets

**Current Assets**

Cash	\$ 59,960
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**Total Assets**

\$ 59,960
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Liabilities and Net Assets

**Current Liabilities**

Due to students and clubs	\$ 59,960
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Net assets

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Attention is directed to independent auditors' report and notes to financial statements.

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Financial Statements**

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**Note A - Significant Accounting Policies**

Mater Academy, Inc. (the Organization) was incorporated as a not-for-profit organization under the laws of the State of Florida in 1998. Mater Academy (the "School") operates as a charter school under Mater Academy, Inc. 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, 2018 and is renewable for an additional fifteen (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 located in Miami, FL serving children from kindergarten through fifth grade.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

**1. Reporting Entity**

The accompanying financial statements are for Mater Academy, a charter school under Mater Academy, Inc. The governing body of the School consists of five board of directors. All board members have been finger printed and processed as required by the state's school board law.

**2. Basic Financial Statements**

The basic financial statements include both government-wide (based on the Charter School as a whole) and fund financial statements according to Governmental Accounting Standard Board Statement No. 4 (GASB No. 34). The government-wide financial statements include a Statement of Net Assets and Statement of Activities, which measure all economic resources and are prepared using full accrual accounting. In the government-wide Statement of Net Assets, both the governmental and business-type activities are presented on a consolidated basis and are reflected, on a full accrual economic resource basis. The financial statements reflect costs using the function and object dimensions required by the publication Financial and Program Cost Accounting and Reporting for Florida Schools (the Red Book) as required by Section 1002.33(9)(i), Florida Statutes.

In the fund financial statements, financial transactions and accounts of the School are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts according to cash and/or financial resources. The School's fund financial statements include the following funds: the General, Special Revenue, and Fiduciary Fund. These funds are used for the following purposes:

**General Fund**

The General Fund is used to account for the full-time equivalent (FTE) fee received from the District, unrestricted contributions, interest and other income and the expenditures incurred under the School contract with the District.

**Special Revenue Fund**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

**Note A - Significant Accounting Policies (Continued)**

**2. Basic Financial Statements (Continued)**

**Fiduciary (Agency) Fund**

The Fiduciary Fund is used to account for amounts held by the School as an agent in connection with student athletics, class and club activities. Agency funds are custodial in nature and do not present result of operations or have a measurement focus.

These funds are maintained and reported using the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period that they become measurable and available. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation schedule is prepared which reflects the adjustment necessary to reconcile the fund financial statements to the government-wide financial statements.

**3. Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Interfund transfers represent capital outlay fund proceeds from the State to be used for specific use. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**4. Uses of Estimates**

In preparing these financial statements, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities as of the date and for the period then ended of the financial statements. Actual results could differ from these estimates. A description of some of the estimates used is included in the following significant accounting policies.

**5. Revenue Sources**

**General Fund**

Revenues in the general fund reflect the funds received from the Miami-Dade County School District pursuant to Section 1002.33(17) of the Florida Statutes. Such revenues are determined based on the estimated number of full-time equivalent (FTE) students and related data reported by the School to the Department of Education (FDOE) for funding through the Florida Education Finance Program (FEFP). The estimated FTE is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted FTE reported by the School during designated FTE survey periods. In this connection, the School reported 700 un-weighted FTE and 749 weighted FTE for the 2009-2010.

**Note A - Significant Accounting Policies (Continued)**

**5. Revenue Sources (continued)**

**General Fund (continued)**

In addition, the school 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, revenues 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.

**6. Cash and Cash Equivalents**

The School considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. There were no such investments as of June 30, 2010.

**7. Accounts Receivable/Due From Other Agencies**

The School considers accounts receivables to be collectible; accordingly, no allowance for doubtful accounts is required. Due from other agencies are for grants or programs under which the services have been provided by the School. When amounts are determined to be uncollectible, they are charged to operations.

**8. Property and Equipment**

The School records in the statement of net assets property and equipment at cost when purchased or constructed, or at market value when donated. Donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those assets must be maintained, the School reports expirations of donor imposed restrictions when the donated or acquired assets are placed in service as instructed by the donor. Expenditures for major renewals and betterment that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Estimated useful lives, in years, for depreciable assets are as follows:

Long-lived assets are reviewed for impairment when circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying value is impaired, the long lived assets will be written down to their fair market value with a corresponding charge to earnings. No such impairment was recorded for the year ended June 30, 2010.



**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Financial Statements**

**Note A - Significant Accounting Policies (Continued)**

**9. Depreciation**

Depreciation is included in the statement of activities. Such depreciation is computed on the straight-line basis over the estimated useful life of the assets. Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	10-15 Years
Furniture and equipment	5 Years
Textbooks	3 Years
Computer equipment	5 Years

**10. Income Taxes**

Mater Academy, Inc. is organized as a not-for-profit entity and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required.

**Note B - Property and Equipment**

Property and equipment consists of the following at June 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b><u>Cost</u></b>				
Improvements	\$ 2,704,389	\$ 10,425		\$ 2,714,814
Furniture and equipment	500,551	25,749		526,300
Textbooks	464,183			464,183
Computer equipment	232,669	7,294		239,963
Land	5,450			5,450
	<u>3,907,242</u>	<u>43,468</u>		<u>3,950,710</u>
<b><u>Accumulated depreciation</u></b>				
Improvements	1,925,912	231,048		2,156,960
Furniture and equipment	336,321	129,049		465,370
Textbooks	395,643	66,389		462,032
Computer equipment	42,936	731		43,667
	<u>2,700,812</u>	<u>427,217</u>		<u>3,128,029</u>
Property and equipment, net	<u>\$ 1,206,430</u>	<u>\$ (383,749)</u>		<u>\$ 822,681</u>

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Notes to Financial Statements**

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**Note B - Property and Equipment (Continued)**

Depreciation expense for the year ended June 30, 2010 amounted to \$427,217 and is allocated in the Statement of Activities as follows:

Instruction	\$ 136,119
Facilities acquisition	240,366
Facilities operation	20,250
Maintenance expense	30,482

**Note C - Commitments and Contingencies**

Commitment

The School entered into a lease agreement with Palmetto Park, Inc. for its educational facility, which expires on January 1, 2014. The School's rent expense is \$363,586 for the year ended June 30, 2010. The annual payments under the agreement are adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The future minimum payments under this lease are as follows:

For the Year Ending June 30,	
2011	\$ 371,000
2012	393,000
2013	416,000
2014	253,000
	<u>\$ 1,433,000</u>

Contingency

The School is subject to federal, state and local government audits. These audits could result in the questioning of expenditures relating to certain grants under various technical compliance provisions of the individual grants. No expenditures are being questioned as of June 30, 2010

**Note D - Employee Benefits - Profit-Sharing Plan**

The School's employees are leased through ADP TotalSource Group, Inc. and 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 for a match of 50% of the employee's contribution up to 4% of the employee's compensation. The School's expenses aggregated to \$13,083 for the year ended June 30, 2010. The School does not exercise any control or fiduciary responsibility over the Plan's assets.

**Note E - Business and Credit Risk Concentration**

Business

Federal and state or local grants substantially fund the School's services. Governmental work may be significantly impacted by budget allocations and consequently an adverse change in the budget could affect the School's operations.

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, 2010, the carrying amount of the School's deposits was \$6,766,083 of which \$6,560,000 was fully collateralized by U.S. Government obligations under a repurchase agreement with Regions Bank and the remainder was subject to coverage under the Federal Depository Insurance Corporation (FDIC).

**Note F - Management Agreement**

The School has an agreement with a management company, Academica Dade LLC, which 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 provides for a fee of \$450 per full time equivalent (FTE) student per year. The agreement is for a five year period, which commenced in July 2009. At the conclusion of the five years, the school will have the option to renew the agreement with Academica Dade LLC. Management fees aggregated to \$314,700 for the year ended June 30, 2010.

Academica Dade LLC is located at 6361 Sunset Drive, Miami, Florida 33155 and its officers are:

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

**Mater Academy**  
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**Notes to Financial Statements**

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**Note G – Related Party Transactions**

Related Schools

The School made three long-term, non-interest bearing advances to various schools for working capital purposes and legal and architectural expenses. The legal and architectural expenses are related to Mater Academy Brickell that is currently being constructed and is slated to open in 2011. The following consists of the due from and to other schools as of June 30, 2010:

<u>Due from other schools</u>	
Due from Mater Academy of Miami Beach	\$ 25,250
Due from Mater Academy International Studies	110,000
Due from Mater Academy Brickell	<u>106,356</u>
	<u>\$ 241,606</u>
 <u>Due to other school</u>	
Due to Mater Academy International Studies	<u>\$ 20,000</u>

District

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2010, administrative fees withheld by the School District totaled \$160,049.

**Note H – Risk Management**

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

# COMPLIANCE REPORTS SECTION



**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**

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To the Board of Directors of  
Mater Academy (A Charter School Under Mater Academy, Inc.)

We have audited the financial statements of Mater Academy, a charter school under Mater Academy, Inc., (a not-for-profit organization), a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2010, and we have issued our report thereon dated August 27, 2010. 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 Mater Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mater Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mater Academy's internal control over financial reporting.

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

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

**Members of:**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mater Academy'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 for the information of the audit committee, board of directors, management, the school board of Miami-Dade County and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Ocariz, Gittlin, & Zamerfeld, LLP*

August 27, 2010



## **Management Letter Pursuant to the Rules of the Auditor General for the State of Florida**

To the Board of Directors of  
Mater Academy (A Charter School Under Mater Academy, Inc.)

We have audited the financial statements of Mater Academy, a charter school under Mater Academy, Inc., (a not-for-profit organization), which is a component unit of the District School Board of Miami-Dade County as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated August 27, 2010.

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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in those reports, which are dated August 27, 2010, 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 Mater Academy and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

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. There were no prior year or current year findings and recommendations to improve Mater Academy's financial management, accounting procedures, and internal controls.
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.

**Members of:**



To the Board of Directors of  
Mater Academy (A Charter School Under Mater Academy, Inc.)

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 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.
5. Section 10.854(1)(e)6, Rules of the Auditor General, requires the name or official title of the school. The official title of the school is Mater Academy (A Charter School Under Mater Academy, Inc.)
6. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Mater Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
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 as of June 30, 2010, end of fiscal year. It is management's responsibility to monitor Mater Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. We have applied such procedures and no deteriorating financial condition has been noted.

Pursuant to Chapter 119, Florida Statutes, this management letter is 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 the audit committee, board of directors, management, the Auditor General of the State of Florida, others within the organization, state and federal awarding agencies, 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.

*Ocariz, Gittlin, & Zomerfeld, LLP*

August 27, 2010

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**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**  
**Statement of Governmental Funds Revenues, Expenditures and Changes**  
**in Fund Balances - Budget and Actual - Governmental Funds (Unaudited)**  
**For the Year Ended June 30, 2010**

	General Fund		Special Revenue Fund		Total Governmental Funds		Variance Positive (Negative)
	Original/Final Budget	Actual	Original/Final Budget	Actual	Original/Final Budget	Actual	
	(Unaudited)		(Unaudited)		(Unaudited)		
<b>Revenues</b>							
State passed through local school district - FTE	\$ 4,450,000	\$ 4,506,554	\$ 171,000	\$ 170,163	\$ 4,450,000	\$ 4,506,554	\$ 56,554
Federal passed through state school district - Title I			408,000	407,438	171,000	170,163	(837)
State revenue - capital outlay					408,000	407,438	(562)
Local sources - interest and other contributions		94,104				94,104	94,104
Total revenues	4,450,000	4,600,658	579,000	577,601	5,029,000	5,178,259	149,259
<b>Expenditures</b>							
Instruction	2,200,000	2,196,686	171,000	170,163	2,371,000	2,366,849	(4,151)
Instructional staff training	5,000	4,079			5,000	4,079	(921)
Board	25,000	18,271			25,000	18,271	(6,729)
School administration	600,000	598,444			600,000	598,444	(1,556)
Fiscal services	115,000	105,200			115,000	105,200	(9,800)
Food services	1,000	400			1,000	400	(600)
Central services	110,000	105,594			110,000	105,594	(4,406)
Operation of plant	200,000	181,667	408,000	407,438	608,000	589,105	(18,895)
Maintenance of plant	115,000	106,987			115,000	106,987	(8,013)
Total expenditures	3,371,000	3,317,328	579,000	577,601	3,950,000	3,894,929	(55,071)
Excess of revenues over expenditures	1,079,000	1,283,330			1,079,000	1,283,330	204,330
Other financing use, net - long term advance to school	(45,000)	(41,607)			(45,000)	(41,607)	3,393
Net change in fund balance	1,034,000	1,241,723			1,034,000	1,241,723	207,723
Fund balances - beginning		5,436,735				5,436,735	5,436,735
Fund balances - ending	\$ 1,034,000	\$ 6,678,458	\$ 1,034,000	\$ 6,678,458	\$ 1,034,000	\$ 6,678,458	\$ 5,644,458

Attention is directed to independent auditors' report and note to Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Governmental Funds.

**Mater Academy**  
**A Charter School Under Mater Academy, Inc.**  
**(A Not-For-Profit Organization)**

**Note to Statement of Governmental Funds Revenues, Expenditures and  
Changes in Fund Balances – Budget and Actual – Governmental Funds**

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**Basis of Accounting:**

The Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Governmental Funds are maintained and reported using the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period that they become measurable and available. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year.