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

**450 SW 4th Street
Miami, FL 33130**

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. Beatriz Riera, Principal
Ms. Marisol Gomez, Assistant Principal

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
Cecilia Bermeosolo Telleria, Vice-President
Alejandra Salima Abello Jacquinet, Vice-President

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Independent Auditors' Report

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

We have audited the accompanying basic financial statements of Mater Academy East Charter School (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 East Charter School'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 East Charter School, 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 23-24) dated August 31, 2010 on our consideration of Mater Academy East Charter School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 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:

To the Board of Directors of
Mater Academy East Charter School
(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 25-26) dated August 31, 2010.

Government Auditing Standards require that Management's Discussion and Analysis and the budgetary comparison information on pages 4-9 and pages 31-32, 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 East Charter School, a charter school under Mater Academy, Inc., taken as a whole. The introductory section is presented for purposes of additional information 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, Gittlin, & Zomerfeld, LLP

August 31, 2010

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

August 31, 2010

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

The School is located in Miami, FL serving 543 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 \$1,571,757 (net assets).
2. At year-end, the School had current assets on hand of \$1,530,142.
3. The net assets of the School increased by \$443,133 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 East Charter School
A Charter School Under Mater Academy, Inc.
(A Not-For-Profit Organization)**

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

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 12-15 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 16-22 of this report.

**Mater Academy East Charter School
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 \$1,571,757 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>	<u>2010</u>	<u>2009</u>
Current Assets		
Cash	\$ 1,256,779	\$ 795,574
Due from government agencies	42,187	11,484
Due from other schools	190,853	19,370
Prepaid expenses	40,323	112,550
Total current assets	<u>1,530,142</u>	<u>938,978</u>
Property and equipment, net	274,093	319,071
Deposit	9,404	9,404
	<u>\$ 1,813,639</u>	<u>\$ 1,267,453</u>
 <u>Liabilities and Net Assets</u> 		
Current Liabilities		
Accounts payable and accrued expenses	\$ 208,962	\$ 138,829
Due to other school	32,920	
Total current liabilities	<u>241,882</u>	<u>138,829</u>
Net Assets		
Invested in capital assets	274,093	319,071
Unrestricted	1,297,664	809,553
Total net assets	<u>1,571,757</u>	<u>1,128,624</u>
	<u>\$ 1,813,639</u>	<u>\$ 1,267,453</u>

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

Mater Academy East Charter School
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.

Revenues	<u>2010</u>	<u>2009</u>
State passed through local school district - FTE	\$ 3,462,566	\$ 2,659,743
State - capital outlay	279,223	238,290
Federal passed through state school district - Title I	188,496	339,740
Student lunches	327,940	18,795
Care program fees	104,290	75,848
Other revenues	51,831	141,948
Local sources - interest and other contributions	<u>5,725</u>	<u>34,914</u>
Total revenues	<u>4,420,071</u>	<u>3,509,278</u>
Expenditures		
Instruction	1,888,128	1,519,800
Instructional staff training	4,586	4,250
Board	15,774	14,515
School administration	612,083	455,348
Fiscal acquisition and construction	6,663	18,260
Fiscal services	88,300	77,333
Food services	310,428	156,623
Central services	75,985	54,338
Pupil transportation services	1,440	3,432
Operation of plant	783,780	719,191
Maintenance of plant	108,417	79,589
Community services	<u>81,354</u>	<u>87,309</u>
Total expenses	<u>3,976,938</u>	<u>3,189,988</u>
Changes in net assets	443,133	319,290
Net assets - beginning	<u>1,128,624</u>	<u>809,334</u>
Net assets - ending	<u>\$ 1,571,757</u>	<u>\$ 1,128,624</u>

Mater Academy East Charter School had a significant increase in revenues and expenses as a result of a large increase in student enrollment.

Capital Improvement Requirements

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

Accomplishments

In 2010, Mater Academy East earned a letter grade of "A" for the sixth consecutive year, and was among the highest-performing public elementary schools in Miami-Dade County and the State of Florida, based on student demographics and the points it received under the State of Florida Accountability Program. The School received a "School Recognition Award" from the State of Florida and achieved Adequate Yearly progress under the *No Child Left Behind Act*. Most impressively, Mater Academy East received national recognition this year as a "Blue Ribbon" school.

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

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

Accomplishments (continued)

Since inception, Mater Academy East has consistently received accolades for its achievements: Mater Academy East was featured as one of the top 10 charter schools in the State of Florida at the annual State Charter School Conference. In addition, Mater Academy East's facilities were recognized nationally for exceptional design in American School and University Magazine, where a picture of the school appeared on the cover. The school also received state-wide recognition when it received an award from the United Way Campaign for its fundraising efforts.

School Location

The School continues to operate from its facility located at 450 SW 4th Street, Miami, FL 33130.

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 \$1,297,664.

Capital Assets

The School's investment in capital assets as of June 30, 2010 amounts to \$274,093 (net of accumulated depreciation of \$685,634). This investment in capital assets includes furniture, fixtures and equipment.

**Mater Academy East Charter School
A Charter School Under Mater Academy, Inc.
(A Not-For-Profit Organization)
Management's Discussion and Analysis (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
Revenues				
State passed through local school district - FTE	\$ 3,440,000	\$ 3,462,566		
Federal passed through state school district - Title I			\$ 190,000	\$ 188,496
Student lunches			328,000	327,940
State revenue - capital outlay			280,000	279,223
Care program fees	75,000	104,290		
Other state revenues	50,000	51,831		
Local sources - interest and other contributions		5,725		
Total revenues	<u>3,565,000</u>	<u>3,624,412</u>	<u>798,000</u>	<u>795,659</u>
Expenditures				
Instruction	1,685,000	1,679,319	190,000	188,496
Instructional staff training	5,000	4,586		
Board	20,000	15,774		
School administration	620,000	616,003		
Fiscal services	90,000	88,300		
Food services			328,000	327,940
Central services	80,000	61,404		
Pupil transportation services	2,500	1,440		
Operation of plant	500,000	498,723	280,000	279,223
Maintenance of plant	100,000	89,398		
Community services	90,000	81,354		
Total expenditures	<u>3,192,500</u>	<u>3,136,301</u>	<u>798,000</u>	<u>795,659</u>
Excess of revenues over expenditures	<u>372,500</u>	<u>488,111</u>		
Net change in fund balances	<u>372,500</u>	<u>488,111</u>		
Fund balances - beginning		809,553		
Fund balances - ending	<u>\$ 372,500</u>	<u>\$ 1,297,664</u>		

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

Requests for Information

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

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

Assets

Current Assets

Cash	\$ 1,256,779
Due from government agencies	42,187
Due from other schools	190,853
Prepaid expenses	40,323
Total current assets	1,530,142

Property and equipment, net 274,093

Deposit 9,404

\$ 1,813,639

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses	\$ 35,370
Accrued payroll	173,592
Due to other school	32,920
Total current liabilities	241,882

Net Assets

Invested in capital assets	274,093
Unrestricted	1,297,664
Total net assets	1,571,757

\$ 1,813,639

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

Mater Academy East Charter School
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
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 1,888,128		\$ 188,496	\$ (1,699,632)
Instructional staff training	4,586			(4,586)
Board	15,774			(15,774)
School administration	612,083			(612,083)
Facility acquisition and construction -rental property	6,663			(6,663)
Fiscal services	88,300			(88,300)
Food services	310,428	\$ 327,940		17,512
Central services	75,985			(75,985)
Pupil transportation services	1,440			(1,440)
Operation of plant	783,780		\$ 279,223	(504,557)
Maintenance of plant	108,417			(108,417)
Community services	81,354	104,290		22,936
Total government activities	3,976,938	432,230	188,496	(3,076,989)
General Revenues				
State passed through local school district - FTE				3,462,566
Interest and other revenue				57,556
Changes in net assets				443,133
Net assets - beginning				1,128,624
Net assets - ending				\$ 1,571,757

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Combined Total Governmental Funds</u>
<u>Assets</u>			
Current Assets			
Cash	\$ 1,256,779		\$ 1,256,779
Due from government agencies	31,453	\$ 10,734	42,187
Due from other fund	10,734		10,734
Due from other schools	190,853		190,853
Prepaid expenses	40,323		40,323
Total current assets	<u>1,530,142</u>	<u>10,734</u>	<u>1,540,876</u>
Deposits	9,404		9,404
	<u>\$ 1,539,546</u>	<u>\$ 10,734</u>	<u>\$ 1,550,280</u>
<u>Liabilities and Fund Balances</u>			
Current Liabilities			
Accounts payable and accrued expenses	\$ 35,370		\$ 35,370
Accrued payroll	173,592		173,592
Due to other school	32,920		32,920
Due to other fund		\$ 10,734	10,734
Total current liabilities	<u>241,882</u>	<u>10,734</u>	<u>252,616</u>
Fund Balances			
Unreserved	1,297,664		1,297,664
	<u>\$ 1,539,546</u>	<u>\$ 10,734</u>	<u>\$ 1,550,280</u>

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

**Mater Academy East Charter School
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**

Total funds balance - Governmental funds balance sheet \$ 1,297,664

**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 \$959,727 and the accumulated depreciation is \$685,634.

274,093

Total net assets - Statement of net assets

\$ 1,571,757

Mater Academy East Charter School
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>
Revenues			
State passed through local school district - FTE	\$ 3,462,566		\$ 3,462,566
Federal passed through state - Title I		\$ 188,496	188,496
Student lunches		327,940	327,940
State revenue - capital outlay		279,223	279,223
Care program fees	104,290		104,290
Other state revenues	51,831		51,831
Local sources - interest and other contributions	5,725		5,725
Total revenues	<u>3,624,412</u>	<u>795,659</u>	<u>4,420,071</u>
Expenditures			
Instruction	1,679,319	188,496	1,867,815
Instructional staff training	4,586		4,586
Board	15,774		15,774
School administration	616,003		616,003
Fiscal services	88,300		88,300
Food services		327,940	327,940
Central services	61,404		61,404
Pupil transportation services	1,440		1,440
Operation of plant	498,723	279,223	777,946
Maintenance of plant	89,398		89,398
Community services	81,354		81,354
Total expenditures	<u>3,136,301</u>	<u>795,659</u>	<u>3,931,960</u>
Excess of revenues over expenditures	<u>488,111</u>		<u>488,111</u>
Net change in fund balances	<u>488,111</u>		<u>488,111</u>
Fund balances - beginning	809,553		809,553
Fund balances - ending	<u>\$ 1,297,664</u>		<u>\$ 1,297,664</u>

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

**Mater Academy East Charter School
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**

Net change in fund balances - Statement of governmental funds revenues, expenditures, and changes in fund balances	\$ 488,111
Amounts reported for governmental activities in the statement of net assets are different because:	
Expenditures for capital assets	56,130
Less: current year depreciation expense	(101,108)
Change in net assets - Statement of activities	<u>\$ 443,133</u>

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

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 East Charter School (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, 2012 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 East Charter School, 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 and Special Revenue 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.

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

Note A - Significant Accounting Policies (Continued)

2. Basic Financial Statements (Continued)

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.

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 543 un-weighted FTE and 584 weighted FTE for the 2009-2010.

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

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. Due From Government Agencies

The School considers due from government agencies and other schools to be collectible; accordingly, no allowance for doubtful accounts is required. Due from government 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.

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 East Charter School
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 following estimated useful lives of the assets.

Buildings and fixed equipment	10-20
Furniture, fixtures and equipment	3-5
Computer equipment	5
Automobile	10
Textbooks and materials	3

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:

	Beginning Balance	Additions	Deletions	Ending Balance
Cost				
Buildings and fixed equipment	\$ 257,747			\$ 257,747
Furniture, fixtures and equipment	307,295	\$ 14,526		321,821
Computer equipment	153,948	28,779		182,727
Automobile		12,825		12,825
Textbooks and materials	184,607			184,607
	903,597	56,130		959,727
Accumulated Depreciation				
Buildings and fixed equipment	162,749	7,436		170,185
Furniture, fixtures and equipment	164,436	49,502		213,938
Computer equipment	108,258	17,934		126,192
Automobile		641		641
Textbooks and materials	149,083	25,595		174,678
	584,526	101,108		685,634
Property and Equipment, net	\$ 319,071	\$ (44,978)		\$ 274,093

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

Note B - Property and Equipment (Continued)

Depreciation expense for the year ended June 30, 2010 amounted to \$101,108 and is allocated in the Statement of Activities as follows:

Instruction	\$	55,063
Facility acquisition and construction		6,663
Food service		9,902
Operation of plant		11,234
Maintenance of plant		18,246
		\$ 101,108

Note C – Commitments and Contingencies

Commitment

The School entered into a lease agreement with School Development East LLC for its educational facility, which expires on August 15, 2024 with an option to renew for an additional five-year term. The members of School Development East LLC are also stockholders of the entity which is the sole owner of Academica Dade LLC, the School's management company described in Note F. The School's rent expense is \$515,416 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		
<u>June 30,</u>		
2011	\$	495,000
2012		495,000
2013		495,000
2014		495,000
2015		495,000
Thereafter		4,456,000
		\$ 6,931,000

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.

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

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 \$5,861 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 in major banks. As of June 30, 2010, the carrying amount of the School's deposits was \$1,201,041 of which \$1,180,000 is invested in an overnight repurchase agreement. These deposits are fully collateralized, but are not covered under the Federal Depository Insurance Corporation (FDIC). The remainder deposits were 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 on July 1, 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 \$243,900 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
Ignancio Zulueta, Vice President
Magdalena Fresen, Vice President
Collette Papa, Secretary

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

Note G – Related Party Transactions

Related Schools

The School made short-term, non-interest bearing advances to various schools for working capital purposes. In addition, the School received a non-interest bearing advance from a school for working capital purposes. 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 International Studies	\$ 26,400
Due from Mater East High School	164,453
	<u>\$ 190,853</u>
<u>Due to other school</u>	
Due to Mater Academy East Charter Middle School	<u>\$ 32,920</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 \$160,475.

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**

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

We have audited the financial statements of Mater Academy East Charter School, 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 31, 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 East Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mater Academy East Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mater Academy East Charter School'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 East Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of Mater Academy East Charter School in the independent auditors' report to management (pages 29-30) dated August 31, 2010.

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, Gitlin, & Zomerfeld, LLP
August 31, 2010



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

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

We have audited the financial statements of Mater Academy East Charter School, 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 31, 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 31, 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 East 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 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 prior year recommendations to improve Mater Academy East Charter School's financial management, accounting procedures, and internal controls. Corrective Actions have been taken to address recommendations made in the preceding annual financial audit report (See pages 27-28).
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 issued an independent auditors' report to management (pages 29-30) dated August 31, 2010.
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 East Charter School (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 East Charter School (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 East Charter School 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 East Charter 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. 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, & Zamerfeld, LLP

August 31, 2010

**Mater Academy East Charter School
A Charter School Under Mater Academy, Inc.
(A Not-For-Profit Organization)
Prior Year Management Recommendations**

09-1 Lunch program revenue and expense allocation

Criteria

Mater Academy East Charter School ("Mater East") receives lunch program funding for other schools under Mater Academy, Inc. The Mater East should then allocate the necessary funds to each school.

Condition

During the course of the audit, it was noted that Mater East prepares lunches for each of the schools and then transports the lunches to them daily. Mater East recorded all lunch program revenues and expenses, and then at the end of the year, any profit or loss related to the program was allocated proportionately between the schools. However, they were not appropriately allocating the related revenues and expenses.

Effect

Mater East's revenues and expenses were overstated by approximately \$140,000, the amount of revenues and expenses associated with all of the other schools under Mater Academy, Inc.

Prior Auditors' recommendation

We recommend that Mater East allocate the revenues and expenses related to the lunch program for the other schools proportionately based on the number of students. After this allocation is made, the lunch program revenues and expenses recorded on Mater East's books are only those related to Mater East.

Management Response

Management adopted auditors' recommendations and condition has been corrected.

09-2 Segregation of duties

Criteria

A fundamental concept in a good system of internal controls is the proper segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition

Based upon the walkthrough of the cash disbursements procedures, the School does not appear to have appropriate segregation of duties in this area for the School's onsite activity report. It appears the Principal is approving and authorizing all disbursements, as well as signing all disbursement checks.

**Mater Academy East Charter School
A Charter School Under Mater Academy, Inc.
(A Not-For-Profit Organization)
Prior Year Management Recommendations (Continued)**

Effect

Lack of segregation in the disbursement process increases the risk that intentional or unintentional errors could be made and not detected.

Prior Auditors' recommendation

We recommend management isolate any incompatible accounting functions that are the responsibility of one employee and reassign responsibility to these duties, if practical, or create a supervisory review of these functions.

Management Response

Management adopted auditors' recommendations and condition has been corrected.



Independent Auditor's Report to Management

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

In planning and performing our audit of the financial statements of Mater Academy East Charter School (the School), for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

The School's administrative function is carried out by a central management office with a well designed system of internal controls to provide for the recording of financial transactions accurately and promptly in order to provide a level of reliability of the financial records on which management decisions are based. We also understand that the dynamics of the day-to-day operations does not allow time for review of every transaction. However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Such matters have been presented herein as observations and recommendations. This letter does not affect our reports on pages 23-26 dated August 31, 2010.

Observation:

During the course of our audit we noted that the School maintains a separate bank account for each school. In this connection, we noted that the School's bank reconciliation as of June 30, 2010, listed an outstanding deposit in the lunch account. Further inquiry revealed that the deposit outstanding and/or in transit represented a erroneous transaction that had not been reversed in the books of original entry; and therefore, we proposed a correction to the books of original entry which was accepted and made by management.

Recommendation:

We feel that the School's management should consider a centralized banking system to eliminate and facilitate fund transfers among schools under the same control. Such system is now being used by large not-for-profit organizations with multiple funding sources, multiple locations and strict reporting requirements. The implementation of such system will require the implementation of new controls to secure the accuracy of the distributions to each reporting entity. In addition, the School should gain approval of the proposed internal banking accounting system from its funding sources before putting the plan in effect.

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

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, Gitlin, & Zomerfeld, LLP

August 31, 2010

SUPPLEMENTARY INFORMATION

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Mater Academy East Charter School
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 (Unaudited)	Actual	Original/Final Budget (Unaudited)	Actual	Original/Final Budget (Unaudited)	Actual	
Revenues							
State passed through local school district - FTE	\$ 3,440,000	\$ 3,462,566	\$	\$	\$ 3,440,000	\$ 3,462,566	\$ 22,566
Federal passed through local school district - Title I			190,000	188,496	190,000	188,496	(1,504)
Student lunches			328,000	327,940	328,000	327,940	(60)
State revenue - capital outlay	75,000	104,290	280,000	279,223	280,000	279,223	(777)
Care program fees	50,000	51,831			75,000	104,290	29,290
Other state revenues		5,725			50,000	51,831	1,831
Local sources - interest and other contributions						5,725	5,725
	3,565,000	3,624,412	798,000	795,659	4,363,000	4,420,071	57,071
Expenditures							
Instruction	1,685,000	1,679,319	190,000	188,496	1,875,000	1,867,815	7,185
Instructional staff training	5,000	4,586			5,000	4,586	414
Board	20,000	15,774			20,000	15,774	4,226
School administration	620,000	616,003			620,000	616,003	3,997
Fiscal services	90,000	88,300			90,000	88,300	1,700
Food services			328,000	327,940	328,000	327,940	60
Central services	80,000	61,404			80,000	61,404	18,596
Pupil transportation services	2,500	1,440			2,500	1,440	1,060
Operation of plant	500,000	498,723	280,000	279,223	780,000	777,946	2,054
Maintenance of plant	100,000	89,398			100,000	89,398	10,602
Community services	90,000	81,354			90,000	81,354	8,646
	3,192,500	3,136,301	798,000	795,659	3,990,500	3,931,960	58,540
Total expenditures	3,192,500	3,136,301	798,000	795,659	3,990,500	3,931,960	58,540
Excess of revenues over expenditures	372,500	488,111			372,500	488,111	115,611
Net change in fund balances	372,500	488,111			372,500	488,111	115,611
Fund balances - beginning		809,553				809,553	809,553
Fund balances - ending	\$ 372,500	\$ 1,297,664			\$ 372,500	\$ 1,297,664	925,164

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.
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**Mater Academy East Charter School
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**

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.