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Mater Academy Middle School of International Studies
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 Middle School of International Studies
A Charter School Under Mater Academy
(A Not-for-profit Organization)
Board of Directors**

**795 NW 32nd Street
Miami, Florida 33127**

Board of Directors

Mr. Antonio Roca, Esq, Chairman and President
Mr. Roberto Blanch, Secretary, Treasurer, and Vice-Chair
Mr. Juan Garcia
Ms. Shannie Sadesky
Ms. Elizabeth Nuevo

School Administration

Ms. Alejandra Salima Abello Jacquinet, Principal

Other Non-voting Corporate Officers

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



Independent Auditors' Report

To the Board of Directors of
Mater Academy Middle School of International Studies
A Charter School Under Mater Academy, Inc.

We have audited the accompanying basic financial statements of Mater Academy Middle School of International Studies (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 Middle School of International Studies 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 Middle School of International Studies, 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 21-22) dated August 27, 2010 on our consideration of Mater Academy Middle School of International Studies' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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:

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 Middle School of International Studies
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 23–24) dated August 27, 2010.

Government Auditing Standards require that Management's Discussion and Analysis and the budgetary comparison information on pages 4-8 and pages 25-26, 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 Middle School of International Studies, 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 them.

Ocariz, Gitlin, & Zamerfeld, LLP

August 27, 2010

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

August 27, 2010

Board of Directors
Mater Academy Middle School of International Studies,
A Charter School Under Mater Academy, Inc.

The School is located in Miami, FL serving 79 children from sixth through eighth grade.

The corporate officers of Mater Academy, Inc. have prepared this narrative overview and analysis of Mater Academy Middle School of International Studies (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 \$196,324 (net assets).
2. At year-end, the School had current assets on hand of \$105,898.
3. The net assets of the School increased by \$194,221 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 9 - 10 of this report.

Fund Financial Statements

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

All of the funds of the School are governmental funds. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government Fund financial statements, however, focus on *near-term inflows* and outflows

Mater Academy Middle School of International Studies
A Charter School Under Mater Academy, Inc.
(A Not-For-Profit Organization)

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

of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

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

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

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 15-20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by \$196,324 at the close of the fiscal year. A summary of the School's net assets as June 30, 2010 and 2009 follows:

	2010	2009
Current Assets		
Cash	\$ 105,302	\$ 8,235
Due from other agencies		3,249
Prepaid expenses and other	596	9,978
Total current assets	105,898	21,462
Property and equipment, net	109,272	
Due from other school	64,482	
	\$ 279,652	\$ 21,462
Current Liabilities		
Accounts payable	\$ 83,328	\$ 1,616
Due to other schools		7,743
Total current liabilities	83,328	9,359
Due to other schools		10,000
Total liabilities	83,328	19,359
Net Assets		
Invested in capital assets	109,272	
Unrestricted	87,052	2,103
Total net assets	196,324	2,103
	\$ 279,652	\$ 21,462

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

At the end of the fiscal year, the School is able to report continued positive balances in total net assets.

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

	2010	2009
REVENUES		
Program Revenue		
Federal passed through local - Title I	\$ 319,088	
Capital Outlay Funding	7,962	\$ 9,770
General Revenue		
FTE nonspecific revenues	449,387	91,363
Contributions	1,238	
Total Revenues	777,675	101,133
EXPENSES		
Instruction	298,987	32,169
Instruction staff training	652	
Board	14,870	951
School administration	103,669	20,111
Fiscal services	11,975	2,400
Food services	309	
Central services	11,900	2,401
Operation of plant	113,902	38,370
Maintenance of plant	27,190	2,628
Total Expenses	583,454	99,030
Excess of revenues over expenses	\$ 194,221	\$ 2,103

In 2009-2010 Mater Academy Middle School of International Studies moved into their permanent location and had a significant growth in student enrollment. As a result, revenues and expenses increased as compared to the 2008-2009 year.

Achievements

In the fall of 2010, Mater Academy Middle School of International Studies opened in its new, permanent facility to 80 students in grades 6-8. In only its 2nd year operation, the school earned a letter grade of "A", ranking among the top-performing public middle schools in Miami-Dade County. Most impressively, Mater Academy Middle attained certification from the Southern Association of Colleges and Schools (SACS), and became a Red Ribbon Certified School.

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

Mater students were recognized for their achievements in the Miami Herald Spelling Bee, the Dade County Youth Fair Exhibition, and the United Way Student Campaign. Students and parents contributed greatly to successful fundraisers, such as the Book Fair, where more than 500 books were sold.

The vision of Mater Academy Middle School of International Studies is to provide an innovative, challenging, multi-lingual, multi-literate, and multi-cultural curriculum, preparing students to have a global edge. The school strives to create a thirst for knowledge in all disciplines of the curriculum and enrich every student with a sense of purpose, a belief in their own efficacy, and a commitment to the common good.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental fund reported a fund balance of \$22,570.

Mater Academy Middle School of International Studies
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 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				
Program Revenues				
Federal passed through local - Title I			\$ 317,000	\$ 316,017
Capital Outlay Funding			8,500	7,962
General Revenues				
State passed through local school district - FTE	\$ 440,000	\$ 449,387		
Student lunches			2,000	3,071
Contributions		1,238		
Total Revenues	<u>440,000</u>	<u>450,625</u>	<u>327,500</u>	<u>327,050</u>
EXPENSES				
Instruction	65,000	63,220	317,000	316,017
Instruction staff training	1,000	652		
Board	15,000	14,870		
School administration	105,000	103,669		
Facility acquisition and construction	15,000	14,232		
Fiscal services	15,000	11,975		
Food services	5,000		2,000	3,071
Central services	15,000	9,138		
Operation of plant	110,000	106,039	8,500	7,962
Maintenance of plant	45,000	41,881		
Total Expenses	<u>391,000</u>	<u>365,676</u>	<u>327,500</u>	<u>327,050</u>
Excess of revenues over expenditures	49,000	84,949		
Other financing sources				
Long-term advance to school		(64,482)		
Payment of long-term debt		(10,000)		
		<u>(74,482)</u>		
Net change in fund balances		<u>\$ 10,467</u>		

Most variances occurred as a result of the more conservative approach to the budget 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 Middle School of International Studies
A Charter School Under Mater Academy, Inc.
(A Not-For-Profit Organization)
Statement of Net Assets
June 30, 2010

Assets

Current Assets

Cash	\$ 105,302
Prepaid expenses and other	596
Total current assets	<u>105,898</u>

Property and equipment, net 109,272

Due from other school 64,482

\$ 279,652

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued expenses \$ 83,328

Net Assets

Invested in capital assets	109,272
Unrestricted	87,052
Total net assets	<u>196,324</u>
	<u>\$ 279,652</u>

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

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

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
Instruction	\$ 298,987		\$ 316,017	\$ 17,030
Instructional staff training	652			(652)
Board	14,870			(14,870)
School administration	103,669			(103,669)
Fiscal services	11,975			(11,975)
Food services	309	\$ 3,071		2,762
Central services	11,900			(11,900)
Operation of plant	113,902			(105,940)
Maintenance of plant	27,190			(27,190)
Total governmental activities	583,454	3,071	316,017	(256,404)
General Revenues				
State passed through local school district - FTE				449,387
Interest and other revenue				1,238
Changes in net assets				194,221
Net assets - beginning				<u>2,103</u>
Net assets - ending				<u>\$ 196,324</u>

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

Mater Academy Middle School of International Studies
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>Total Governmental Funds</u>
<u>Assets</u>			
Current Assets			
Cash	\$ 105,302		\$ 105,302
Prepaid expenses and other	596		596
	<u>\$ 105,898</u>		<u>\$ 105,898</u>
<u>Liabilities and Fund Balances</u>			
Current Liabilities			
Accounts payable and accrued expenses	\$ 83,328		\$ 83,328
Fund Balances			
Unreserved	<u>22,570</u>		<u>22,570</u>
	<u>\$ 105,898</u>		<u>\$ 105,898</u>

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

Mater Academy Middle School of International Studies
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 \$ 22,570

**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 \$120,408 and the accumulated depreciation is \$11,136. 109,272

Long-term receivables from other charter school in governmental activities are not financial resources and therefore are not reported in the governmental funds. 64,482

Total net assets - Statement of net assets \$ 196,324

Mater Academy Middle School of International Studies
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>Total Governmental Funds</u>
Revenues			
State passed through local school district - FTE	\$ 449,387		\$ 449,387
Federal passed through local school district - Title I		\$ 316,017	316,017
State revenue - capital outlay		7,962	7,962
Student lunches		3,071	3,071
Local sources - interest and other contributions	1,238		1,238
Total revenues	<u>450,625</u>	<u>327,050</u>	<u>777,675</u>
Expenditures			
Instruction	63,220	316,017	379,237
Instructional staff training	652		652
Board	14,870		14,870
School administration	103,669		103,669
Facility acquisition and construction	14,232		14,232
Fiscal service	11,975		11,975
Food services		3,071	3,071
Central services	9,138		9,138
Operation of plant	106,039	7,962	114,001
Maintenance of plant	41,881		41,881
Total expenditures	<u>365,676</u>	<u>327,050</u>	<u>692,726</u>
Excess of revenues over expenditures	84,949		84,949
Other financing sources			
Long-term advance to school	(64,482)		(64,482)
Payment of long-term debt	(10,000)		(10,000)
	<u>(74,482)</u>		<u>(74,482)</u>
Net change in fund balance	10,467		10,467
Fund balances - beginning	12,103		12,103
Fund balances - ending	<u>\$ 22,570</u>		<u>\$ 22,570</u>

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

Mater Academy Middle School of International Studies
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, 2009

Net change in fund balances - Statement of governmental funds revenues, expenditures, and changes in fund balances	\$ 10,467
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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	120,408
Less: current year depreciation expense	(11,136)

Issuance of long-term receivables represents a financial source to governmental funds, but increases long-term assets in the statement of net assets. Decrease in long-term debt is an expenditure in the governmental funds, but a decrease or payment of such debt reduces long-term debt in the statement of net assets.	64,482
	10,000

Change in net assets - Statement of activities	\$ 194,221
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Mater Academy Middle School of International Studies
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 Middle School of International Studies (the Charter 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 sixth through eighth 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 Middle School of International Studies, 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. 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.

Mater Academy Middle School of International Studies
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)

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 which 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. 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.

4. 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 79 un-weighted FTE and 79 weighted FTE for the 2009-2010 year.

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. 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.

5. 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.

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

Note A - Significant Accounting Policies (Continued)

6. 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.

7. 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:

Furniture and equipment	5
Computer equipment	5
Textbooks	3

8. 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.

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

Note B - Property and Equipment

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Cost</u>				
Furniture and equipment		\$ 34,683		\$ 34,683
Computer equipment		68,629		68,629
Textbooks		17,096		17,096
		<u>120,408</u>		<u>120,408</u>
<u>Accumulated depreciation</u>				
Furniture and equipment		2,151		2,151
Computer equipment		6,476		6,476
Textbooks		2,509		2,509
		<u>11,136</u>		<u>11,136</u>
Property and equipment, net		<u>\$ 109,272</u>		<u>\$ 109,272</u>

Depreciation expense for the year ended June 30, 2010 amounted to \$11,136 and is allocated in the Statement of Activities to instruction, facilities acquisition, food services, facilities operation and maintenance expense.

Note C - Commitment and Contingencies

Commitment

Mater Academy, Inc. (the Organization) entered into a lease agreement with Archdiocese of Miami, Inc. for its educational facility and has assigned the lease to Mater Academy of International Studies. The lease commenced on August 16, 2009 and expires on August 16, 2014 with an automatic renewal for two additional five-year terms. The amount of the rent for the first year is \$350,000 and shall be \$350,000 plus \$700 per student per annum for every student above 499 that is enrolled by Mater at the facility for the remaining term of the agreement. The lease payments are currently allocated 20% to the School and 80% to Mater Academy of International Studies and are based on enrollment and usage of the facility. The School's rent expense is \$71,865 for the year ended June 30, 2010.

The future minimum payments under this lease are as follows:

For the Year Ending June 30,	
2011	\$ 70,000
2012	70,000
2013	70,000
2014 and Thereafter	70,000
	<u>\$ 280,000</u>

Subsequent to year end, the lease agreement was renewed to be effective August 16, 2010 and ending August 15, 2015. The amount of the rent for the first year shall be \$391,765 plus \$700 per student per annum for every student above 499 that is enrolled at the School.

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

Note C – Commitment and Contingencies (Continued)

Contingencies

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 \$752 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 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

The Bank participates in the Federal Deposit Insurance Corporation (FDIC) Transaction Account Guarantee Program. Under this program, through December 31, 2013, all non-interest bearing transaction accounts (demand deposit accounts) are fully guaranteed by the FDIC for the entire amount in the account. Coverage under this program is in addition to and separate from the coverage available under the FDIC's basic deposit insurance rules. Balances in other account types, including interest bearing accounts, are insured up to \$250,000 until December 31, 2013. Thereafter, only balances up to \$100,000 will be insured. At June 30, 2010, all of the School's cash balances were in non-interest bearing accounts and thus were fully insured.

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 four year period through June 30, 2012. At the conclusion of the agreement, the School will have the option to renew the agreement with Academica Dade LLC, unless terminated by the board of directors. Management fees aggregated to \$35,325 for the year ended June 30, 2010.

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

Note F – Management Agreement (Continued)

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

Note G – Related Party Transactions

Related School

The School made a long-term, non-interest bearing advance to Mater Academy of International Studies, a related school, for working capital purposes. The amount due from this school as of June 30, 2010 amounted to \$64,482. Repayment is not expected to occur within the next coming year.

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 \$22,469.

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

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**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 Middle School of International Studies
A Charter School Under Mater Academy, Inc.

We have audited the financial statements of Mater Academy Middle School of International Studies, 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 Middle School of International Studies' 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 Middle School of International Studies' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mater Academy Middle School of International Studies' 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.

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

Members of:

To the Board of Directors of
Mater Academy Middle School of International Studies
A Charter School Under Mater Academy, Inc.
Page 2

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, board of directors, management, others within the organization, state and federal awarding agencies, and the Miami-Dade County District School, 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 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 Middle School of International Studies
A Charter School Under Mater Academy, Inc.

We have audited the financial statements of Mater Academy Middle School of International Studies, 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 Middle School of International Studies 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 Middle School of International Studies' 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 Middle School of International Studies
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 Middle School of International Studies (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 Middle School of International Studies 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 the Mater Academy Middle School of International Studies' financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is 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, others within the organization, state and federal awarding agencies, and the Miami-Dade County District School, 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 Middle School of International Studies
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	\$ 440,000	\$ 449,387	\$ 320,000	\$ 316,017	\$ 440,000	\$ 449,387	\$ 9,387
Federal passed through local school district - Title I			8,500	7,962	320,000	316,017	(3,983)
State revenue - capital outlay				3,071	8,500	7,962	(538)
Student lunches		1,238				3,071	3,071
Local sources - interest and other contributions		450,625				1,238	1,238
Total Revenues	440,000	450,625	328,500	327,050	768,500	777,675	9,175
Expenditures							
Instruction	65,000	63,220	317,000	316,017	382,000	379,237	2,763
Instructional staff training	1,000	652			1,000	652	348
Board	15,000	14,870			15,000	14,870	130
School administration	105,000	103,669			105,000	103,669	1,331
Facility acquisition and construction	15,000	14,232			15,000	14,232	768
Fiscal services	15,000	11,975			15,000	11,975	3,025
Food services	5,000	-	3,000	3,071	8,000	3,071	4,929
Central services	15,000	9,138			15,000	9,138	5,862
Operation of plant	110,000	106,039	8,500	7,962	118,500	114,001	4,499
Maintenance of plant	45,000	41,881			45,000	41,881	3,119
Total Expenditures	391,000	365,676	\$ 328,500	\$ 327,050	719,500	692,726	26,774
Excess of revenues over expenditures	49,000	84,949			49,000	84,949	35,949
Other financing sources							
Long-term advance to school		(64,482)				(64,482)	(64,482)
Payment of long-term debt		(10,000)				(10,000)	(10,000)
Net change in fund balances	49,000	10,467			49,000	10,467	(38,533)
Fund balances - beginning		12,103				12,103	12,103
Fund balances - ending	\$ 49,000	\$ 22,570			\$ 49,000	\$ 22,570	\$ (26,430)

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

**Mater Academy Middle School of International Studies
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.