

**MATER ACADEMY**  
**(A charter school under Mater Academy, Inc.)**

**Hialeah Gardens, Florida**

**Financial Statements And  
Independent Auditors' Report**

**June 30, 2007**

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MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

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

**2006-2007**

Board Of Directors

Antonio Roca, Esq, Chairman and President  
David Concepcion  
Dr. Ruth Jacoby  
Shannine Sadesky  
Greta Santos (resigned 9/27/06)

School Administration

Kim Guillarte, Vicepresident and Principal

Other Corporate Officers

Rene Roviroso, Vicepresident  
Judith Marty, Vicepresident  
Betty Riera, Vicepresident  
Lourdes Marrero, Vicepresident



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mater Academy  
Hialeah Gardens, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Mater Academy (the "School"), a charter school under Mater Academy, Inc., which is a component unit of the District School Board of Miami-Dade County, as of, and for the year ended June 30, 2007, which collectively comprises the School's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Mater Academy at June 30, 2007, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Mater Academy, Inc.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Mater Academy the governmental activities and each major fund of Mater Academy as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2007, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information on pages 4 through 8 and 22 through 23, respectively, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Grant & Associates, LLP". The signature is written in a cursive, slightly slanted style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 23, 2007

**Management's Discussion and Analysis**  
Mater Academy  
(A Charter School Under Mater Academy, Inc.)  
June 30, 2007

The corporate officers of Mater Academy, Inc. have prepared this narrative overview and analysis of Mater Academy's financial activities for the fiscal year ended June 30, 2007.

**Financial Highlights**

1. The assets of the Charter School exceeded its liabilities at June 30, 2007 by \$ 5,686,615 (net assets).
2. At year-end, the School had current assets on hand of \$ 4,215,625.
3. The net assets of the School increased by \$ 1,009,229 during the year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2007 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

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

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

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

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

### *Fund Financial Statements*

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

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

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

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

### Notes to Financial Statements

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

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a charter school’s financial position. In the case of the School, assets exceeded liabilities by \$5,686,615 at the close of the fiscal year. A summary of the School’s net assets as of June 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Cash	\$ 4,002,280	\$ 2,671,096
Accounts Receivable	12,717	157,352
Due from Other Agencies	41,589	133,396
Due from Other Schools	117,495	93,000
Prepaid expenses	41,544	
Deposits	10,200	15,472
Capital Assets	<u>1,596,599</u>	<u>1,777,711</u>
Total Assets	<u>\$ 5,822,424</u>	<u>\$ 4,848,027</u>
Accounts Payable	\$ 135,809	\$ 170,641
Leases Payable	-	-
Total Liabilities	<u>\$ 135,809</u>	<u>\$ 170,641</u>
Invested in Capital Assets, net of related debt	1,596,599	\$ 1,777,711
Unrestricted	<u>4,090,016</u>	<u>2,899,675</u>
Total Net Assets	<u>\$ 5,686,615</u>	<u>\$ 4,677,386</u>

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

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2007 and 2006 follows.

	<u>2007</u>	<u>2006</u>
<b>REVENUES</b>		
Program Revenues		
Operating Grants and Contributions	\$ -	\$ 346,268
Capital Outlay Funding	553,565	550,290
General Revenues		
FTE nonspecific revenues	4,227,373	3,790,208
Federal Sources	341,621	
Other Revenues	<u>265,135</u>	<u>174,774</u>
Total Revenues	<u>\$ 5,387,694</u>	<u>\$ 4,861,540</u>
<b>EXPENSES</b>		
Instruction	\$ 2,383,562	\$ 2,435,709
Instructional Media Services	658	329
Instructional Staff Training Services	42,013	58,755
Board	13,168	11,625
School Administration	424,012	335,394
Facilities Acquisition and Construction	271,696	270,850
Fiscal Services	257,540	106,870
Food Services	1,982	2,266
Central Services	144,357	113,012
Pupil Transportation Services	3,105	2,209
Operation of Plant	618,177	596,862
Maintenance of Plant	76,074	43,743
Community Services	142,121	61,442
Interest	-	-
Total Expenses	<u>4,378,465</u>	<u>4,039,066</u>
Increase in Net Assets	1,009,229	822,474
Net Assets at Beginning of Year	<u>4,677,386</u>	<u>3,854,912</u>
Net Assets at End of Year	<u>\$ 5,686,615</u>	<u>\$ 4,677,386</u>

Mater Academy's revenue increased by \$ 526,154 in the current year, while expenses increased by \$339,399. All revenues increased in the current year but the most significant increase was an increase to FTE and other Income. In addition, the school increased its cash by \$ 1,331,184. The School had an increase in its net assets of \$ 1,009,229 for the year.

### **Articulation Agreements**

The School has a Sponsor-approved Articulation Agreement with the Mater Academy Charter Middle School. This Agreement gives enrollment preference to students enrolling at the Charter Middle School who complete their education in the eighth grade of the School's K-5 Charter School Program.

## **Capital Improvement Requirements**

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

## **Accomplishments**

In 2007, Mater Academy earned a letter grade of “A” for the fifth consecutive year, and was ranked within the top 25% of public schools with elementary programs in Miami-Dade County, based on the points it received under the State of Florida Accountability Program. The School received a “School Recognition Award” from the Florida Department of Education and the “Superintendent’s Platinum Award” for its achievements. This past year, Mater Academy completed its ninth year of operation and continues to serve predominantly Hispanic students who come from low-income families.

## **School Location**

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

## **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 \$ 4,090,016.

## **Capital Assets**

The School’s investment in capital assets as of June 30, 2007 amounts to \$ 1,596,599 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment.

**General 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 general fund to demonstrate compliance with the School’s budget.

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
Capital Outlay Funding	\$ 279,590	\$ 476,000	\$ 553,565
Other Revenues	340,000	340,000	341,621
General Revenues			
FTE nonspecific revenues	3,602,000	3,600,000	4,227,373
Other Revenues	<u>100,000</u>	<u>115,000</u>	<u>265,135</u>
Total Revenues	\$ 4,321,590	\$ 4,531,000	\$ 5,387,694
<b>EXPENSES</b>			
Instruction	2,251,600	2,443,100	2,256,572
Instructional Media Services	1,000	1,000	-
Instructional Staff Training Services	105,000	105,000	42,013
Board	15,000	15,000	13,168
School Administration	435,000	430,050	420,664
Fiscal Services	260,000	260,000	257,540
Central Services	150,000	149,000	144,357
Pupil Transportation Services	5,000	5,000	3,105
Operation of Plant	630,000	625,850	606,531
Maintenance of Plant	80,000	80,000	66,041
Community Services	<u>150,000</u>	<u>150,000</u>	<u>142,121</u>
Total Expenses	\$ 4,082,600	\$ 4,264,000	\$ 3,952,112

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 Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC, 6255 Bird Road, Miami, Florida, 33155.

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

STATEMENT OF NET ASSETS  
June 30, 2007

	<u>2007</u>
<b><u>Assets</u></b>	
Current assets:	
Cash	\$ 4,002,280
Accounts receivable, no allowance necessary	12,717
Due from other schools	117,495
Due from other agencies	41,589
Prepaid expenses	<u>41,544</u>
	4,215,625
Capital assets, depreciable	3,988,806
Less: accumulated depreciation	<u>(2,392,207)</u>
	1,596,599
Deposits	<u>10,200</u>
Total Assets	<u><u>\$ 5,822,424</u></u>
<b><u>Liabilities and Net Assets</u></b>	
Current liabilities:	
Salaries and wages payable	<u>\$ 135,809</u>
Total Current Liabilities	135,809
Net assets:	
Invested in capital assets	1,596,599
Unrestricted	<u>4,090,016</u>
Total Net Assets	<u><u>5,686,615</u></u>
Total Liabilities and Net Assets	<u><u>\$ 5,822,424</u></u>

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

MATER ACADEMY  
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STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

FUNCTIONS	2007				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					-
Instruction	\$ 2,378,502	\$ -	\$ 294,548	\$ -	\$ (2,083,954)
Instructional Media Services	658	-	-	-	(658)
Instructional staff training	47,073	-	47,073	-	-
Board	13,168	-	-	-	(13,168)
School administration	424,012	-	-	-	(424,012)
Facilities acquisition	271,696	-	-	-	(271,696)
Fiscal services	257,540	-	-	-	(257,540)
Food services	1,982	-	-	-	(1,982)
Central services	144,357	-	-	-	(144,357)
Pupil transportation services	3,105	-	-	-	(3,105)
Operation of plant	618,177	-	-	553,565	(64,612)
Maintenance of plant	76,074	-	-	-	(76,074)
Community Services	142,121	-	-	-	(142,121)
<b>Total governmental activities</b>	<b>4,378,465</b>	<b>-</b>	<b>341,621</b>	<b>553,565</b>	<b>(3,483,279)</b>
General revenues:					
FTE nonspecific revenues					4,227,373
Interest and other revenue					265,135
Change in net assets					1,009,229
Net assets, beginning					4,677,386
Net assets, ending					<u>\$ 5,686,615</u>

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

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2007

	2007		
	General Fund	Special	Total Governmental
		Revenue Fund	Funds
<b><u>Assets</u></b>			
Cash	\$ 4,002,280	\$ -	\$ 4,002,280
Accounts receivable	12,717	-	12,717
Due from other schools	117,495	-	117,495
Due from other agencies	41,589	-	41,589
Prepaid expenses	41,544	-	41,544
Deposits receivable	10,200	-	10,200
Total Assets	<u>\$ 4,225,825</u>	<u>\$ -</u>	<u>\$ 4,225,825</u>
<b><u>Liabilities</u></b>			
Salaries and wages payable	\$ 135,809	\$ -	\$ 135,809
Accounts payable	-	-	-
Total Liabilities	<u>135,809</u>	<u>-</u>	<u>135,809</u>
<b><u>Fund balance</u></b>			
Unreserved	4,090,016	-	4,090,016
	<u>4,090,016</u>	<u>-</u>	<u>4,090,016</u>
Total Liabilities and Fund Balance	<u>\$ 4,225,825</u>	<u>\$ -</u>	<u>\$ 4,225,825</u>

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

MATER ACADEMY  
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RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2007

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Total Fund Balance - Governmental Funds \$ 4,090,016

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

Capital assets of \$3,988,807 net of accumulated depreciation of \$2,392,207 used in governmental activities are not financial resources and therefore are not reported in the governmental funds. 1,596,599

Total Net Assets - Governmental Activities \$ 5,686,615

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

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2007

	2007		
	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Local sources	\$ 4,227,373	\$ -	\$ 4,227,373
Capital outlay funding	-	553,565	553,565
Federal sources	-	341,621	341,621
Interest and other revenue	265,135	-	265,135
<b>Total Revenues</b>	<b>4,492,508</b>	<b>895,186</b>	<b>5,387,694</b>
Expenditures:			
Current			
Instruction	1,956,964	294,548	2,251,512
Instructional staff training services	-	47,073	47,073
Board	13,168	-	13,168
School administration	420,664	-	420,664
Fiscal services	257,540	-	257,540
Central services	144,357	-	144,357
Pupil transportation services	3,105	-	3,105
Operation of plant	52,966	553,565	606,531
Maintenance of plant	66,041	-	66,041
Community services	142,121	-	142,121
Capital Outlay:			
Other capital outlay	245,241	-	245,241
Debt Service:			
Redemption of Principal	-	-	-
<b>Total Expenditures</b>	<b>3,302,167</b>	<b>895,186</b>	<b>4,197,353</b>
Excess of revenues over expenditures	1,190,341	-	1,190,341
Net change in fund balance	1,190,341	-	1,190,341
Fund Balance at beginning of year	2,899,675	-	2,899,675
Fund Balance at end of year	<u>\$ 4,090,016</u>	<u>\$ -</u>	<u>\$ 4,090,016</u>

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

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

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Net Change in Fund Balance - Governmental Funds \$ 1,190,341

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

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of those assets is  
allocated over their estimated useful lives as depreciation expense.  
This is the amount by which capital outlays of \$245,241 differed  
from depreciation expense of \$426,353.

(181,112)

Change in Net Assets of Governmental Activities \$ 1,009,229

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

### **Note 1 – Organization and Operations**

Mater Academy (the "School"), is a charter school under Mater Academy, Inc., not-for-profit corporation organized in the State of Florida. The governing body of the School is the board of directors of Mater Academy, Inc., which also governs other charter schools. The School operates under a charter granted by the sponsoring district, the District School Board of Miami-Dade County (the "District"). The current charter expires on June 30, 2018 and is renewable for an additional 15 years by a mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School is considered a component unit of such District. The School is located in Hialeah Gardens, Florida for students from kindergarten through fifth grade and is funded by the District. These financial statements are for the year ended June 30, 2007, when approximately 705 students were enrolled for the school year.

### **Note 2 – Summary of Significant Accounting Policies**

#### Basis of presentation

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

#### Government-wide and Fund Financial Statements

##### *Government-wide Financial Statements*

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

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

**Note 2 – Summary of Significant Accounting Policies (continued)**

*Fund Financial Statements*

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

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

*Special Revenue Fund* - accounts for specific revenue, such as federal grants, that is legally restricted to expenditures for particular purposes.

Measurement Focus and Basis of Accounting

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

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

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

**Note 2 – Summary of Significant Accounting Policies (continued)**

Cash

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

Due from Other Governments or Agencies

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

Capital Assets

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

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

Revenue Sources

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

**Note 2 – Summary of Significant Accounting Policies (continued)**

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

Post-retirement Benefits

The School provides no post-retirement benefits to its employees.

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period. Employees wishing to carry forward unused days, at year-end, may do so. The employees may only cash out if they have used three days or less of their sick and personal days in that school year. The employees cannot cash out more than ten days per school year and are required to always maintain a minimum of ten days unused days. The cash out value is eighty percent of their daily rate.

Government Accounting Standards Board (GASB) Statement 16, Accounting for Compensated Absences, requires governmental agencies to record as a liability the vested and future rights to sick and/or vacation leave. Accordingly, the financial statements include an accrual for such vested rights.

Income Taxes

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

Use of Estimates

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

MATER ACADEMY  
(A charter school under Mater Academy, Inc.)  
Notes to Financial Statements  
June 30, 2007

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**Note 3 –Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2007:

	Balance 7/1/06	Additions	Retirements	Balance 6/30/07
Capital Assets				
Land	\$ 5,450	\$ -	\$ -	\$ 5,450
Improvements	2,534,740	1,800	-	2,536,540
Furniture, equipment and textbooks	<u>1,203,375</u>	<u>243,441</u>	<u>-</u>	<u>1,446,816</u>
Total Capital Assets	3,743,565	245,241	-	3,988,806
Less Accumulated Depreciation				
Improvements	(1,081,630)	( 236,764)	-	(1,318,394)
Furniture, equipment and textbooks	<u>( 884,224)</u>	<u>( 189,589)</u>	<u>-</u>	<u>(1,073,813)</u>
Total Accumulated Depreciation	<u>(1,965,854)</u>	<u>( 426,353)</u>	<u>-</u>	<u>(2,392,207)</u>
Capital Assets, net	<u>\$ 1,777,711</u>	<u>(\$181,112)</u>	<u>\$ -</u>	<u>\$1,596,599</u>

Depreciation expense for the period ended June 30, 2007 was \$426,352 and is allocated in the Statement of Activities to instruction, facilities acquisition, and facilities operation and maintenance expense.

**Note 4 –Management Agreement**

Academica Dade, LLC, a professional charter school management company, provides management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and Academica Dade, LLC calls for a fee of \$450 per full time equivalent (FTE) student per year. The agreement is for a period of five years, through July 2009, with options to renew. During the year ended June 30, 2007, the School incurred approximately \$317,250, in management fees, of which the School had a prepaid of \$2,025 at year end.

Academica Dade, LLC is located at 6255 Bird Road, Miami, Florida 33155 and its officers are:

Fernando Zulueta, President  
Magdalena Fresen, Vice President  
Amy Nunez, Secretary

**Note 5 – Transactions with Other Schools**

The School received reimbursements from other charter schools under Mater Academy, Inc., including usage fees to Mater Academy Gardens for approximately \$4,419. In addition, the School reimbursed Mater Academy Middle and High for the use of certain staff for approximately \$24,000. Finally, the School made non-interest bearing advances to the following charter schools: Mater Academy East High for \$10,885, Mater Academy Gardens for \$56,610, and Mater Gardens Middle for \$50,000. As of August 2007 the advances to Mater Academy Gardens and Mater Gardens Middle were paid to Mater Academy in full.

The School does not operate its own lunch program. Lunch is provided by free of charge by Miami Dade County Public Schools. Therefore, the School's financial statements do not reflect any income or expenses regarding to the lunch program.

**Note 6 – Deposits Policy and Credit Risk**

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2007, the carrying amount of the School's deposits was \$4,002,280 and the respective bank balances totaled \$271,672. Out of the total bank balances, \$100,000 was covered by the Federal Depository Insurance Corporation (FDIC). The School also had additional balance of \$3,836,000 that was fully collateralized by U.S. Government obligations under a repurchase agreement with Wachovia Bank.

**Note 7 – Commitments and Contingencies**

The School entered into a lease agreement with Palmetto Park, for its 29,550 square feet facility. Annual payments under this agreement are approximately \$300,000 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through 2009 with an option to renew for an additional five-year term.

For 2007, rent expense totaled \$356,053, out which approximately \$318,000 related to facility lease. As of June 30, 2007, the School had prepaid rent of approximately \$33,000. Future minimum payments under these leases (full amount) are as follows:

<u>Year</u>	
2008	\$318,221
2009	\$185,629

**Note 8 – Risk Management**

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

REQUIRED SUPPLEMENTARY INFORMATION

Mater Academy  
(A charter school under Mater Academy, Inc)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2007

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Capital outlay funding	\$ -	\$ -	\$ -
County Funding	-	-	-
Local Sources	3,602,000	3,600,000	4,227,373
Interest and other revenues	100,000	115,000	265,135
Total Revenues	<u>3,702,000</u>	<u>3,715,000</u>	<u>4,492,508</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	1,956,600	2,148,100	1,962,024
Instructional Media Services	1,000	1,000	-
Instructional Staff			
Training Services	60,000	60,000	(5,060)
Board	15,000	15,000	13,168
School Administration	435,000	430,050	420,664
Fiscal Services	260,000	260,000	257,540
Central Services	150,000	149,000	144,357
Pupil Transportation	5,000	5,000	3,105
Operation of Plant	350,410	149,850	52,966
Maintenance of Plant	80,000	80,000	66,041
Community Services	150,000	150,000	142,121
Total Current Expenditures	<u>3,463,010</u>	<u>3,448,000</u>	<u>3,056,926</u>
Excess of Revenues			
Over Current Expenditures	<u>238,990</u>	<u>267,000</u>	<u>1,435,582</u>
Debt Service:			
Redemption of Principal	3,000	3,000	-
Capital Outlay:			
Other Capital Outlay	300,000	300,000	245,241
Total Capital Outlay and			
Debt Service Expenditures	<u>303,000</u>	<u>303,000</u>	<u>245,241</u>
Total Expenditures	<u>3,766,010</u>	<u>3,751,000</u>	<u>3,302,167</u>
Excess of Revenues			
Over Expenditures	(64,010)	(36,000)	1,190,341
Fund Balance at beginning of year	<u>2,899,675</u>	<u>2,899,675</u>	<u>2,899,675</u>
Fund Balance at end of year	<u>2,835,665</u>	<u>2,863,675</u>	<u>4,090,016</u>

Mater Academy  
(A charter school under Mater Academy, Inc)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2007

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Capital outlay funding	\$ 279,590	\$ 476,000	\$ 553,565
County Funding	-	-	-
Local Sources	-	-	-
Other revenues	340,000	340,000	341,621
Lunch Program	-	-	-
Total Revenues	<u>619,590</u>	<u>816,000</u>	<u>895,186</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	295,000	295,000	294,548
Instructional Staff			
Training Services	45,000	45,000	47,073
Operation of Plant	<u>279,590</u>	<u>476,000</u>	<u>553,565</u>
Total Current Expenditures	<u>619,590</u>	<u>816,000</u>	<u>895,186</u>
Excess of Revenues			
Over Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	-	-	-
Total Capital Outlay and			
Debt Service Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>619,590</u>	<u>816,000</u>	<u>895,186</u>
Excess of Revenues			
Over Expenditures	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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

Board of Directors of  
Mater Academy  
Hialeah Gardens, Florida

We have audited the financial statements of Mater Academy (the "School") as of, and for the year ended June 30, 2007, and have issued our report thereon dated August 23, 2007. We conducted our audits 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 audits, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 23, 2007

GRAVIER  
&  
Associates  
CERTIFIED PUBLIC ACCOUNTANTS  
MANAGEMENT LETTER

Board of Directors of  
Mater Academy  
Hialeah Gardens, Florida

We have audited the accompanying basic financial statements of Mater Academy as of and for the year ended June 30, 2007 and have issued our report thereon dated August 23, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters dated August 23, 2007. Disclosures in that report, if any, should be considered in conjunction with this management letter.

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 performed in the State of Florida and require that certain items be addressed in this letter. Those items, as outlined in Section 10.854, are as follows:

1. A statement as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.

The recommendation made in the preceding annual financial audit report have been corrected.

2. A statement as to whether the School has met one or more conditions described in Section 218.503 (1) Florida Statutes, and identification of the specific condition.

The School has not met one or more of the conditions described in Section 218.503 (1) Florida Statutes.

3. Recommendations to improve the School's present financial management, accounting procedures and internal controls.

The following are recommendations to improve the School's financial management, accounting procedures and internal controls:

#### **ML 07-01 FRAUD AND WHISTLEBLOWER POLICY**

##### Observation

We noted the Faculty Handbook does not establish a policy and/or process by which personnel can anonymously report suspected fraud and abuse.

##### Recommendation

Personnel are often in the best position to identify and report fraud and abuse. Therefore, such a policy will enhance internal controls.

#### **ML 07-02 FTE REVENUE RECOGNITION**

##### Observation

We noted that FTE revenues are recorded net of the 5% Administrative Overhead charged by MDCPS.

##### Recommendation

Although this does not impact the Schools fund balance, a better reflection of revenues and costs can be achieved by recording the revenues gross with a corresponding charge administrative fees.

#### **ML 07-03 CAPITAL ASSETS**

##### Observation

We noted that a periodic inventory of capital assets is not performed for the purpose of identifying serviceable assets and removing those that are obsolete or have been disposed of.

##### Recommendation

Although removing fully depreciated capital assets does not impact the reported net book value, the gross capital assets and accumulated depreciation account will continue to grow infinitely unless a periodic "clean-out" is not performed. Management should consider implementing a physical inventory at least annually.

## **ML 07-04 INTERNAL FUND**

### Observation

Controls over the internal fund need improvement. We noted that activity in the School's internal fund includes both fiduciary activity and general fundraising activity. The accounting treatment is being applied in the same way for both as funds held in the School's internal account are reported as a liability and the activity is not reflected as revenues or expenses. The activity is also recorded in one general ledger account on a cash basis.

### Recommendation

Although generally not material to the financial statement taken as a whole, the activity related to general fundraising should be treated separately from fiduciary type activity. Funds accumulated by fundraising activity should be reflected in the School's net assets as either unrestricted or restricted net assets. In addition, general fundraising revenues and expenses should be reflected in the statement of activities and should be recorded on the accrual basis with reconciliation to the bank statement performed monthly.

## **ML 07-05 ESOL SERVICES**

### Observation

We noted that the Miami-Dade County Public School Compliance Review Form indicated a limited number of deficiencies with regards to ESOL services regarding evidence of written parental notification, LEP folder maintenance, On-line records and post program reviews.

### Recommendation

Management should consider implementing a staff review to ensure on-going compliance.

## **ML 07-06 PERSONNEL FILES**

### Observation

We noted a limited number of exceptions regarding documentation maintained in personnel files. Although the exceptions were limited and not indicative of a pattern of control weaknesses or non-compliance, there were sufficient exceptions to suggest that improvements can be made. Our sample size included twenty randomly selected personnel files and included the following:

- Teacher certification not present or expired in two files
- Stale Teacher contract noted in four files

Recommendation

Management should develop a checklist of standardized documentation required to be maintained in personnel files. Once the checklist has been established, a review of existing files should be performed, with any deficiencies corrected. The checklist should require that, for each instruction personnel, an updated screen print-out of the "Automated Charter School Employee System" be included in the file since this screen verifies the personnel's certification status, and provides fingerprinting and drug testing information.

Management's response

4. Matters that are not clearly inconsequential considering both quantitative and qualitative factors, including the following:
  - a. Violations of laws, rules, regulations and contractual provisions or abuse that:
    - i. have occurred, or are likely to have occurred,
    - ii. that were discovered within the scope of the financial audit and,
    - iii. may or may not have materially affected the financial statements.
  - b. Illegal or improper expenditures
  - c. Improper or inadequate accounting procedures
  - d. Failure to properly record financial transactions, and
  - e. Other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor.

No such conditions were noted during the audit.

5. The name or official title of the School.

The name and title are disclosed in the accompanying financial statements.

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

*Gravis & Associates, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 23, 2007

## **Mater Academy**

September 1, 2007

Gravier & Associates  
201 Alhambra Circle, Suite 901  
Coral Gables, FL 33134

### **RE: MANAGEMENT'S RESPONSES TO AUDITOR'S RECOMMENDATIONS**

The following is the response by the School's Board of Directors to your recommendations:

#### **CURRENT YEAR RECOMMENDATIONS**

##### **07-1 Recommendation – Fraud and Whistleblower Policy**

Personnel are often in the best position to identify and report fraud and abuse. Therefore, such a policy will enhance internal controls.

##### **Management Response**

The Board of Directors adopted a Whistle Blower policy during the 2006-2007 school year, subsequent to the publication of the staff handbook. The meeting was publicly noticed, and open to the public. A resolution regarding the Board's adoption of the policy, along with a copy of the policy, was made available at the school site, where copies of the meeting minutes are kept. The current staff handbook has been updated and includes the Whistle Blower Policy.

##### **07-2 Recommendation – FTE Revenue Recognition**

Although this does not impact the Schools fund balance, a better reflection of revenues and costs can be achieved by recording the revenues gross with a corresponding charge administrative fees.

##### **Management Response**

Management will follow the auditor's recommendation.

##### **07-3 Recommendation – Capital Assets**

Although removing fully depreciated capital assets does not impact the reported net book value, the gross capital assets and accumulated depreciation account will continue to grow infinitely unless a periodic "clean out" is not performed. Management should consider implementing a physical inventory at least annually.

**Management Response**

Management will follow the auditor's recommendation and perform a "clean out" of obsolete or no longer in service assets during the School's annual physical inventory.

**07-4 Recommendation – Internal Fund**

Although generally not material to the financial statement taken as a whole, the activity related to general fundraising should be treated separately from fiduciary type activity. Funds accumulated by fundraising activity should be reflected in the School's net assets as either unrestricted or restricted net assets. In addition, general fundraising revenues and expenses should be reflected on the accrual basis with the reconciliation to the bank statement performed monthly.

**Management Response**

Management agrees with the Auditors recommendation and will treat general fundraising separately from fiduciary type activity. Recently, the School held a three-day mandatory workshop on internal accounting procedures for all school site administrators. Presented by a Certified Public Accountant expert is in accounting for Florida public schools and familiar with the Internal Accounting Procedures Guide of M-DCPS. The administrators received in-service points for this workshop.

**07-5 Recommendation – ESOL Services**

Management should ensure that these deficiencies are addressed in a timely manner.

**Management Response**

The School's management will consider performing performing periodic self reviews.

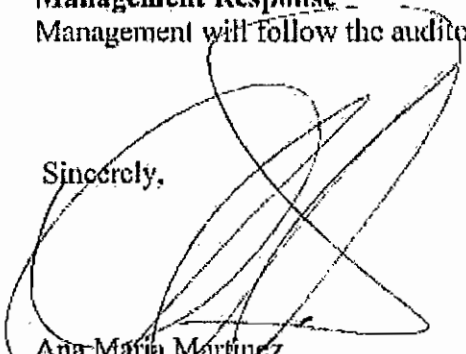
**07-6 Recommendation – Personnel Files**

Management should develop a checklist of standardized documentation required to be maintained in personnel files. Once the checklist has been established, a review of existing files should be performed, with any deficiencies corrected. The checklist should require that, for each instruction personnel, an updated screen print-out of the "Automated Charter School Employee System" be included in the file since this screen verifies the personnel's certification status, and provides fingerprinting and drug testing.

**Management Response**

Management will follow the auditor's recommendation.

Sincerely,



Ana Maria Martinez  
Authorized Signor for Mater Academy, Inc.