

**MATER ACADEMY CHARTER  
HIGH SCHOOL  
(A Charter School Under  
Mater Academy, Inc.)**

**Basic Financial Statements and  
Supplemental Information**

**For the year ended  
June 30, 2008**

**BERMAN HOPKINS  
WRIGHT & LAHAM**  
CPAS AND ASSOCIATES, LLP

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	13
Statement of Fiduciary Assets and Liabilities - Agency Fund	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	27
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Outlay Fund	28
Notes to Required Supplemental Information	29
Schedule of Expenditures of Federal Awards	30
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE <i>WITH GOVERNMENT AUDITING STANDARDS</i>	31

**TABLE OF CONTENTS (continued)**

	Page
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	33
Schedule of Findings and Questioned Costs	35
MANAGEMENT LETTER	37
MANAGEMENT'S RESPONSE	45

**MATER ACADEMY CHARTER HIGH SCHOOL**  
(A Charter School Under Mater Academy, Inc.)  
7901 N.W. 103rd Street  
Hialeah Gardens, Florida 33016  
(305) 828-1886

2007-2008

**BOARD OF DIRECTORS**

Anotonia Roca, Esq., Chair  
Roberto Blanch  
Shannie Sadesky  
Juan Garcia  
Elizabeth Nuevo

**SCHOOL ADMINISTRATION**

Judith Marty, Principal  
Carlos Alvarez, Assistant Principal

**ORGANIZATION'S MANAGEMENT**

Academica Dade, LLC  
6361 Sunset Drive  
Miami, Florida 33143

Officers :

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

## INDEPENDENT AUDITORS' REPORT

**Partners:**

John R. Hopkins  
James A. Wright, Jr.  
James S. LaHam  
Ross A. Whitley  
W. Ed Moss  
Philip J. Hayes  
Brian L. Nemeroff

To the Board of Directors  
Mater Academy Charter High School  
(A Charter School under Mater Academy, Inc.)  
Hialeah Gardens, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mater Academy Charter High School, (A Charter School under Mater Academy, Inc), (the "School") a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2008, which collectively comprises Mater Academy Charter High School's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Mater Academy Charter High School's management. Our responsibility is to express an opinion on these financial statements based on our audit.



We conducted our audit in accordance with 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.

8035 Spyglass Hill  
Road  
Melbourne, FL 32940  
321.757.2020  
FAX 321.242.4844

As described in Note A-1, the accompanying financial statements referred to above present only the financial position of Mater Academy Charter High School at June 30, 2008, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of the Mater Academy, Inc.

480 N. Orlando Ave.  
Suite 218  
Winter Park, FL  
32789  
407.644.5811  
FAX 407.644.6022

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Mater Academy Charter High School as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting standards generally accepted in the United States of America.

[www.bermanhopkins.com](http://www.bermanhopkins.com)

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2008, on our consideration of Mater Academy Charter High 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 budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Mater Academy Charter High School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Mater Academy Charter High School. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

August 15, 2008  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

## Management's Discussion and Analysis

The corporate officers of the Mater Academy Charter High School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2008.

### Financial Highlights

- The assets of the School exceeded its liabilities at June 30, 2008 by \$6,487,997 (net assets).
- At year-end, the School had current assets on hand of \$4,513,544.
- The net assets of the School increased by \$813,272 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, 2008 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

The government-wide financial statements can be found on pages 8 - 9 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 major funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 10 - 13 of this report.

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

The notes to the financial statements can be found on pages 15 - 25 of this report.

**Government-Wide Financial Analysis**

Assets exceeded liabilities by \$6,487,997, at the close of the fiscal year. As noted earlier, net assets may serve over time as a useful indicator of a charter school's financial position. A summary of the School's assets as of June 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 3,979,732	\$ 3,965,942
Due from other schools	84,884	158,642
Due from other agencies	192,407	284,993
Prepaid expenses	256,521	209,963
Deposits	-	1,396
Capital assets	<u>2,533,685</u>	<u>1,477,973</u>
Total assets	<u>7,047,229</u>	<u>6,098,909</u>
Accounts payable and accrued liabilities	515,344	379,150
Noncurrent liabilities:		
Due within one year	39,500	40,779
Due in more than one year	<u>4,388</u>	<u>4,255</u>
Total liabilities	<u>559,232</u>	<u>424,184</u>
Invested in capital assets, net of related debt	2,533,685	1,475,490
Unrestricted	<u>3,954,312</u>	<u>4,199,235</u>
Total net assets	<u>\$ 6,487,997</u>	<u>\$ 5,674,725</u>

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

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues:		
Other grants and contributions	\$ 600,628	\$ 616,106
Capital outlay funding	1,619,398	1,651,113
State through local district	9,067,878	8,279,834
Charges for services	446,166	240,117
Other income	183,383	321,772
Total revenues	<u>11,917,453</u>	<u>11,108,942</u>
Expenses:		
Component unit activities:		
Instruction	5,723,846	4,538,567
Instructional media services	700	698
Instruction and curriculum development services	-	490
Instructional staff training services	52,042	26,045
Board	78,269	109,892
School administration	1,182,027	1,005,314
Facilities acquisition and construction	68,907	22,222
Fiscal services	213,788	202,500
Food services	632,193	574,526
Central services	185,836	1,313
Planning, research and development	2,436	-
Information services	16,925	209,623
Pupil transportation services	21,046	20,972
Operation of plant	2,711,059	2,126,459
Maintenance of plant	215,107	129,301
Interest	-	460
Total expenses	<u>11,104,181</u>	<u>8,968,382</u>
Change in net assets	813,272	2,140,560
Net assets at beginning of year	<u>5,674,725</u>	<u>3,534,165</u>
Net assets at end of year	<u>\$ 6,487,997</u>	<u>\$ 5,674,725</u>

Mater Academy Charter High School's revenue increased by \$808,511 in the current year primarily due to an increase in enrollment from 1,350 students in 2007 to 1,426 in 2008. The School also had an increase of expenses for the year of \$2,135,799. The largest increases in expenses were for instruction, school administration, central services and operation of plant. Instruction increased due to salary increases to match the District's salary scale and student enrollment. The School also allocated a portion of the food service program's revenues and expenses to Mater Academy Charter Middle and Mater Performing Arts & Entertainment Academy. The financial position of the School has improved during the current year. The School had a large increase in capital assets. The School also had an increase in its fund balance (change in net assets) of \$813,272 for the year.

### **Lease of Facility**

The School leases a facility located at 7901 NW 103<sup>rd</sup> Street, Hialeah Gardens, Florida 33016.

### **Articulation Agreement**

The School entered into a Sponsor-approved Articulation Agreement with the Mater Academy Charter Middle School. This Agreement gives enrollment preference to students enrolling at the Charter High School who complete their course of education in the eight grade of the Middle School Program. The Charter High School is the only High School (public or private) currently located within the city of Hialeah Gardens.

### **Capital Improvement Requirements**

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

### **Accomplishments**

The 2007-08 school year was filled with much success for Mater Academy High School and its students. In its first ever publishing of America's Best High Schools, *U.S. News & World Report* magazine designated Mater Academy High School as "One of the Nation's Top High Schools." Similarly, *Newsweek* magazine listed Mater Academy High School in the top 1% of approximately 18,000 public high schools in the nation.

Earning a letter grade of "A" under the Florida School Recognition Program, Mater Academy High School was among the top-performing high schools in Miami-Dade County. In addition, Mater Academy High School's graduation rate of over 93% far exceeded the state and national average graduation rates for Hispanics. Most impressive was the fact that one third of the students graduating received Florida Bright Futures Scholarships, which rewards students for their academic achievements during high school, by providing funding for them to pursue postsecondary educational and career goals in Florida.

Mater Academy High School provides its students with a rigorous college preparatory curriculum, as well as a rich extra-curricular program of activities, including team sports and clubs. This past year, Drama students won first place in the state of Florida in the Drama Competition. Similarly, the Chess team was ranked at the top of the state teams, and among the top 20 in the nation. In addition, a Mater Academy High School senior was the recipient of the prestigious Silver Knight Award in the category of Music.

Mater Academy High School continues to be recognized and accredited by the Southern Association of Colleges and Schools.

### **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 \$3,998,200.

**Capital Assets**

The School's investment in capital assets as of June 30, 2008 amounts to \$2,533,685 (net of accumulated depreciation). This investment in capital assets include buildings and fixed equipment, furniture, fixtures, equipment and educational materials, audio visual equipment and computer software.

**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. During the year, there was approximately a \$315,000 increase in appropriations from the original to final amended budget. The increase was due mainly to an expected increase in salaries expenses. The School's general fund exceeded the approved appropriations by \$27,458, primarily by underestimating depreciation expense.

**Request 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 6361 Sunset Drive, Miami, Florida 33143.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**STATEMENT OF NET ASSETS**

**June 30, 2008**

	Governmental Activities
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 3,979,732
Due from other schools	84,884
Due from other agencies	192,407
Prepaid expenses	256,521
Total current assets	4,513,544
<b>CAPITAL ASSETS</b>	
Capital assets, net of accumulated depreciation	
Buildings and fixed equipment	629,203
Furniture, fixtures, equipment and educational materials	1,844,897
Audio visual equipment	40,763
Computer software	18,822
Total capital assets	2,533,685
Total assets	7,047,229
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable	2,860
Accrued payroll and payroll taxes	512,484
Noncurrent liabilities	
Due within one year	39,500
Due in more than one year	4,388
Total liabilities	559,232
<b>NET ASSETS</b>	
Investment in capital assets	2,533,685
Unrestricted	3,954,312
Total net assets	\$ 6,487,997

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

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 5,719,116	\$ -	\$ 258,764	\$ -	\$ (5,460,352)
Exceptional instruction	1,230	-	-	-	(1,230)
Other instruction	3,500	-	-	-	(3,500)
Instructional media services	700	-	-	-	(700)
Instructional staff training services	52,042	-	-	-	(52,042)
Board	78,269	-	-	-	(78,269)
School administration	1,182,027	-	-	-	(1,182,027)
Facility acquisition and construction	68,907	-	-	-	(68,907)
Fiscal services	213,788	-	-	-	(213,788)
Food services	632,193	168,370	276,842	-	(186,981)
Central services	185,836	-	-	-	(185,836)
Planning, research, development and evaluation services	2,436	-	-	-	(2,436)
Information services	16,925	-	-	-	(16,925)
Pupil transportation services	21,046	-	-	-	(21,046)
Operation of plant	2,711,059	277,796	1,619,398	-	(813,865)
Maintenance of plant	215,107	-	65,022	-	(150,085)
Total governmental activities	<u>\$ 11,104,181</u>	<u>\$ 446,166</u>	<u>\$ 2,220,026</u>	<u>\$ -</u>	<u>(8,437,989)</u>
			General revenues:		
			State through local school district		9,067,878
			Interest income		103,397
			Other revenues		79,986
			Total general revenues		<u>9,251,261</u>
			Change in net assets		813,272
			Net assets at July 1, 2007		<u>5,674,725</u>
			Net assets at June 30, 2008		<u>\$ 6,487,997</u>

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

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**June 30, 2008**

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,979,732	\$ -	\$ -	\$ 3,979,732
Due from other schools	84,884	-	-	84,884
Due from other agencies	-	192,407	-	192,407
Due from other funds	192,407	-	-	192,407
Prepaid expenses	256,521	-	-	256,521
Total assets	\$ 4,513,544	\$ 192,407	\$ -	\$ 4,705,951
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 2,860	\$ -	\$ -	\$ 2,860
Accrued payroll and payroll taxes	512,484	-	-	512,484
Due to other funds	-	192,407	-	192,407
Total liabilities	515,344	192,407	-	707,751
<b>FUND BALANCE</b>				
Unreserved	3,998,200	-	-	3,998,200
Total fund balances	3,998,200	-	-	3,998,200
Total liabilities and fund balances	\$ 4,513,544	\$ 192,407	\$ -	\$ 4,705,951

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

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS**

**June 30, 2008**

Fund balances - total governmental funds \$ 3,998,200

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Buildings and fixed equipment, net of \$146,306 accumulated depreciation	\$ 629,203	
Furniture, fixtures equipment and educational materials, net of \$1,000,857 accumulated depreciation	1,844,897	
Audio visual equipment, net of \$16,161 accumulated depreciation	40,763	
Computer software, net of \$41,666 accumulated depreciation	<u>18,822</u>	
Total capital assets		2,533,685

Long-term liabilities are not due and payable in the current period and therefore not reported in the funds. Those liabilities consist of:

Compensated absences		<u>(43,888)</u>
Total net assets of governmental activities		<u>\$ 6,487,997</u>

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

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS**

**For the year ended June 30, 2008**

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Federal passed through state	\$ 65,022	\$ -	\$ 276,842	\$ 341,864
Federal passed through local school district	-	-	258,764	258,764
State passed through local school district	9,067,878	1,619,398	-	10,687,276
Facility usage income	277,796	-	-	277,796
Charge for services	-	-	168,370	168,370
Interest income	103,397	-	-	103,397
Other revenues	79,986	-	-	79,986
Total revenues	<u>9,594,079</u>	<u>1,619,398</u>	<u>703,976</u>	<u>11,917,453</u>
<b>Expenditures</b>				
<b>Current:</b>				
Basic instruction	5,116,496	-	258,764	5,375,260
Exceptional instruction	1,230	-	-	1,230
Other instruction	3,500	-	-	3,500
Instructional staff training services	52,042	-	-	52,042
Board	78,269	-	-	78,269
School administration	1,182,027	-	-	1,182,027
Facility acquisition and construction	2,898	-	-	2,898
Fiscal services	213,788	-	-	213,788
Food services	-	-	625,136	625,136
Central services	185,836	-	-	185,836
Planning, research, development and evaluation services	2,436	-	-	2,436
Information services	16,925	-	-	16,925
Pupil transportation services	21,046	-	-	21,046
Operation of plant	1,033,142	1,619,398	-	2,652,540
Maintenance of plant	184,547	-	-	184,547
<b>Debt service:</b>				
Principal	2,483	-	-	2,483
Fixed capital outlay	1,561,076	-	-	1,561,076
Total expenditures	<u>9,657,741</u>	<u>1,619,398</u>	<u>883,900</u>	<u>12,161,039</u>
Deficiency of revenues under expenditures	(63,662)	-	(179,924)	(243,586)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	179,924	179,924
Transfers out	(179,924)	-	-	(179,924)
Total other financing sources (uses)	<u>(179,924)</u>	<u>-</u>	<u>179,924</u>	<u>-</u>
Net change in fund balances	(243,586)	-	-	(243,586)
Fund balances at July 1, 2007	4,241,786	-	-	4,241,786
Fund balances at June 30, 2008	<u>\$ 3,998,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,998,200</u>

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

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**For the year ended June 30, 2008**

Net change in fund balances - total government funds \$ (243,586)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report fixed capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Total fixed capital outlay	\$ 1,561,076	
Less depreciation	<u>(505,364)</u>	1,055,712

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.

2,483

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(1,337)

Change in net assets of governmental activities

\$ 813,272

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

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND**

**June 30, 2008**

		<u>Internal Fund</u>
<b>ASSETS</b>		
Cash		<u>\$ 289,787</u>
Total assets		<u><u>\$ 289,787</u></u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities		<u>\$ 289,787</u>
Total liabilities		<u><u>\$ 289,787</u></u>

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

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2008**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Reporting entity

Mater Academy Charter High School (the "School") is a charter school under Mater Academy, Inc. (the "Charterholder"), which is a not-for-profit corporation organized in the State of Florida. The School is located in Hialeah Gardens, Florida serving students from ninth through twelfth grade. The governing body of the School is the Board of Directors (the "Board"), which is composed of five members. The financial information presented is that of Mater Academy Charter High School only.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the Miami-Dade County Public School District (the "District"). The current charter is effective until June 30, 2012 and may be renewed for an additional 15 years by mutual written agreement between the School and the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of such District. Mater Academy Charter High School is funded by the Miami-Dade County Public School District and in addition, receives government grants.

These financial statements are for the year ended June 30, 2008, when 1,426 students were enrolled for the school year.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

Net assets, the difference between assets and liabilities, as presented in the statement of net assets, are subdivided into three categories: amounts invested in capital assets; restricted net assets; and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net assets for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2008**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Government-wide and fund financial statements (continued)

Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Two of the School's funds were deemed to be major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. Agency funds have no measurement focus. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt is recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2008**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Measurement focus, basis of accounting and financial statement presentation (continued)

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Capital Outlay Fund - in accordance with guidelines established by the Miami-Dade County Public School District, Florida, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

Additionally, the School reports the following fiduciary fund type:

Agency Funds - to account for resources of the School's internal funds which are used to administer moneys collected at several schools in connection with school, student, athletic, class and club activities.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Cash and cash equivalents

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

5. Due from other schools, governments or agencies

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

6. Interfund receivables, payables and transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Transfers are used to move unrestricted general fund revenues to finance programs (i.e. National School Lunch Program) that the government must account for in other funds.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2008**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

7. Capital assets, depreciation and amortization

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$500 and an estimated useful life of more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Buildings and fixed equipment	20
Furniture, fixtures, equipment and educational materials	5
Audio visual equipment	5
Computer software	3

8. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the School pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2008**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

9. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid expenses in both the government-wide and fund financial statements.

10. Compensated absences

The School grants a specific number of days of sick/personal leave. Full time instructional employees are eligible for one day per month up to ten days of active work during the ten month period. Employees and administrators wishing to carry forward unused days, at year-end, may do so. The employee can only cash out if they have used three days or less 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 sick/personal leave. The cash out value is eighty percent of their daily rate.

11. Use of estimates

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

**NOTE B - INCOME TAXES**

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

**NOTE C - CASH AND CASH EQUIVALENTS**

*Custodial credit risk:* Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk, however it mitigates the custodial risk for deposits by only doing business with large national banks. At June 30, 2008, the School had a bank balance of \$410,482. Of the bank balance, \$310,482 was not insured by the federal deposit insurance.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2008**

**NOTE C - CASH AND CASH EQUIVALENTS (continued)**

*Interest rate risk:* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The School does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rate.

At June 30, 2008, the School's investments included the following:

Investment Type	Fair Value	Maturity Date less than one month
Repurchase agreement	\$ 4,612,000	\$ 4,612,000

**NOTE D - DUE FROM OTHER AGENCIES**

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

Capital outlay	\$ 192,407
----------------	------------

**NOTE E - CAPITAL ASSETS**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2008:

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
Capital Assets				
Buildings and fixed equipment	\$ 312,595	\$ 462,914	\$ -	\$ 775,509
Furniture, fixtures, equipment and educational materials	1,763,658	1,082,096	-	2,845,754
Audio visual equipment	40,858	16,066	-	56,924
Computer software	60,488	-	-	60,488
Total assets depreciated	2,177,599	\$ 1,561,076	\$ -	3,738,675
Less accumulated depreciation:				
Buildings and fixed equipment	128,541	\$ 17,765	\$ -	146,306
Furniture, fixtures, equipment and educational materials	540,031	460,826	-	1,000,857
Audio visual equipment	6,383	9,778	-	16,161
Computer software	24,671	16,995	-	41,666
Total accumulated depreciation	699,626	\$ 505,364	\$ -	1,204,990
Capital assets, net	\$ 1,477,973			\$ 2,533,685

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2008**

**NOTE E - CAPITAL ASSETS (continued)**

Depreciation expense for the year ended June 30, 2008 was charged to functions of the School as follows:

Basic instruction	\$	342,519
Instructional media services		700
Facility acquisition		66,009
Food service		7,057
Operation of plant		58,519
Maintenance of plant		30,560
		30,560
	\$	505,364

**NOTE F - LONG-TERM DEBT**

1. Changes in long-term debt

The following is a summary of changes in long-term debt:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Due within one year
Capital lease payable	\$ 2,483	\$ -	\$ 2,483	\$ -	\$ -
Compensated absences	42,551	39,633	38,296	43,888	39,500
	\$ 45,034	\$ 39,633	\$ 40,779	\$ 43,888	\$ 39,500

2. Capital leases

The School acquired kitchen equipment and gym equipment under capital leases payable in monthly installments of approximately \$2,500, which was collateralized by the related equipment. This lease was fully matured during the year ended June 30, 2008.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2008**

**NOTE G - CONCENTRATIONS**

Revenue sources

As stated in Note A-8, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
Miami-Dade County Public School District :	
Base funding	\$ 6,340,066
Safe schools	48,012
Exceptional student education guaranteed allocation	163,181
Supplemental academic instruction	554,456
Class size reduction funds	1,438,619
Discretionary millage	637,569
Discretionary lottery	70,101
Declining enrollment	43,253
Instructional materials allocation	140,367
Over 500 FTE capital outlay	(308,553)
Administrative fee withheld (5%)	(166,696)
Other school district deductions	(1,650)
Subtotal	8,958,725
Capital outlay	1,619,398
Advanced placement	89,196
Teacher lead program	18,423
Title I - Schoolwide	204,216
Title I - Reading leader	54,548
Other district revenue	1,534
Total from Miami-Dade County Public School District :	10,946,040
Other revenue	
FEMA	65,022
National school lunch program	276,842
Student lunch receipts	168,370
Facility usage income	277,796
Interest income	103,397
Other revenues	79,986
	\$ 11,917,453

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2008**

**NOTE H - COMMITMENTS AND CONTINGENCIES**

1. Management services contract

The School has entered into an agreement with Academica Dade, LLC (the "management company"), a professional charter school management company, to provide management and administrative services to the School. In providing management services to the School, officers of the management company may not serve as members of the Board of Directors of a school. The contract calls for a fee of \$450 per student per year and expires on June 30, 2009, with an option to renew by the School. During the year ended June 30, 2008, the School incurred \$641,363, in management fees, of which no amounts were due to the management company at year end.

2. Operating leases

The School entered into an amended lease agreement with School Development H G II, LLC, as landlord, on April 2004 for its main campus which is shared with another charter school under Mater Academy, Inc. The payments for this lease are allocated 56%, or \$1,366,152, to the School and 44% to the other charter school. Annual total payments are approximately \$2,440,000 (\$19.91 per square foot, for 120,000 square feet adjusted annually based on the Consumer Price Index (CPI)) and continue through August 2024 with an option to renew for an additional five-year term by the School.

The School entered into a lease agreement with Duke School Properties, LLC, as landlord, for an additional building where the School is located. The School shares this facility with another charter school. Terms of the lease are to pay \$23.75 per square foot, for 33,600 square feet. The payments for this lease are allocated 56%, to the School and 44% to another charter school. Annual payments total \$815,494 adjusted annually based on the Consumer Price Index (CPI) and continue through August 2026 with an option by the School to renew for an additional five-year term. Rent payments for the year ended June 30, 2008 totaled \$456,678.

Under the term of the lease agreements, all lease payments due under the agreement are secured by pledged revenues and all fixed assets.

The School also leases various office equipment with monthly payments ranging from \$128 to \$508 through 2008. Total rental payments associated with equipment for the year ended June 30, 2008 were approximately \$88,596.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2008**

**NOTE H - COMMITMENTS AND CONTINGENCIES (continued)**

2. Operating leases (continued)

Future minimum payments under the operating leases are as follows:

<u>Fiscal years</u>		
2009	\$	1,822,830
2010		1,822,830
2011		1,822,830
2012		1,822,830
2013		1,822,830
2014-2018		9,114,150
2019-2023		9,114,150
2024-2027		3,039,991
Total	\$	<u>30,382,441</u>

**NOTE I - RELATED PARTY TRANSACTIONS**

The Board believes that it is independent of the management company and is not influenced by the management company in its decision-making if the Board feels it is not in the best interest of the School. In keeping with the requirements for providing full disclosure items 1 and 2 are disclosed below.

1. Management service contract

The management company, Academica Dade, LLC provides oversight and management services based on a contractual arrangement with the school. In its capacity as the management company, Academica Dade, LLC manages the finances and operations and makes recommendations to the school's independent board of directors, which makes the final determinations regarding policies and contracts. Management fees total \$641,363 for the year ending June 30, 2008. See note H-1 for additional information.

2. Operating lease

School Development H G II, LLC and Duke Schools Properties, LLC owns property which is leased to the School. Presently, members of each of these companies are also stockholders of the Company which is the sole owner of Academica Dade, LLC, which manages the School (see Note H-1). Total rent payments charged to the School under these leases amounts to \$1,822,830. A rent payment in the amount of \$152,221 is included as a prepaid expense on the statement of net assets and balance sheet. The lease does not contain any provision as to the management of the School.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2008**

**NOTE I - RELATED PARTY TRANSACTIONS (continued)**

3. Due from other schools

The School's facility is shared with Mater Academy Charter Middle School and Mater Performing Arts and Entertainment Academy (See Note H), which is operated by Mater Academy, Inc. Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment and usage of facilities and staff to these schools and other schools operated by Mater Academy, Inc.

The due from other schools, operated by Mater Academy, Inc, consists of the following at June 30, 2008:

Mater Academy Charter Middle School	\$ 62,862
Mater Performing Arts & Entertainment Academy	<u>22,022</u>
	<u>\$ 84,884</u>

4. Facility usage agreement

The School has an agreement with another charter school to provide classrooms. The School charges a flat fee based on a monthly student cost allocation ration. The term of agreement is through July 31, 2008 with an option to renew annually. The facility usage income earned during the year ending June 30, 2008 totaled \$277,796.

Future minimum rentals under the facility usage agreement are as follows:

<u>Fiscal years</u>	
2009	<u>\$ 23,150</u>

**NOTE J - RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; general liabilities; and natural disasters for which the School carries commercial liability insurance. Under the plan for property insurance, the School's has no liability per occurrence. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

**REQUIRED SUPPLEMENTAL INFORMATION**

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
GENERAL FUND**

**For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
FTE	\$ 8,656,000	\$ 8,866,800	\$ 8,958,725	\$ 91,925
Teacher lead program	-	-	18,423	18,423
Other revenue	200,000	200,000	235,738	35,738
Interest	55,000	55,000	103,397	48,397
Facility usage income	250,000	250,000	277,796	27,796
Total revenue	<u>9,161,000</u>	<u>9,371,800</u>	<u>9,594,079</u>	<u>222,279</u>
Expenses				
Salaries	4,238,000	4,498,425	4,495,107	3,318
Benefits	975,000	975,000	973,800	1,200
Purchased/contract services	1,300,000	1,300,000	1,295,372	4,628
Rentals and utilities	675,000	675,000	657,685	17,315
Materials and supplies	600,000	625,000	600,260	24,740
Depreciation	400,000	425,000	505,364	(80,364)
Other	70,000	75,000	73,295	1,705
Total expenses	<u>8,258,000</u>	<u>8,573,425</u>	<u>8,600,883</u>	<u>(27,458)</u>
Change in net assets (budgetary basis)	<u>\$ 903,000</u>	<u>\$ 798,375</u>	<u>\$ 993,196</u>	<u>\$ 194,821</u>

See accompanying notes to required supplemental information.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
CAPITAL OUTLAY FUND**

**For the year ended June 30, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Capital outlay	\$ 1,570,000	\$ 1,426,000	\$ 1,619,398	\$ 193,398
Total revenue	<u>1,570,000</u>	<u>1,426,000</u>	<u>1,619,398</u>	<u>193,398</u>
Expenditures				
Purchased services	1,570,000	1,426,000	1,619,398	(193,398)
Total expenses	<u>1,570,000</u>	<u>1,426,000</u>	<u>1,619,398</u>	<u>(193,398)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to required supplemental information.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

**June 30, 2008**

**NOTE A - BUDGETARY INFORMATION**

1. Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. Since the budgetary basis differs from generally accepted accounting principles ("GAAP"), budget and actual amounts in the accompanying required supplementary information are presented on the budgetary basis. The budget presented for the year ended June 30, 2008 has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major special revenue fund for which a legally adopted budget exists.

2. Reconciliation of budgetary comparison information to GAAP information

A reconciliation to deficiency of revenues under expenditures presented in conformity with generally accepted accounting principles for the general fund is set forth as follows:

Change in net assets (budgetary basis)	\$ 993,196
Adjustment to conform to GAAP:	
Principal payments on capital leases	(2,483)
Changes in compensated absences	1,337
Purchase of capital outlay expenditures	(1,561,076)
Depreciation expense on capital assets	<u>505,364</u>
Deficiency of revenues under expenditures (GAAP Basis)	(63,662)
Other financing uses	
Transfers out to special revenue funds	<u>(179,924)</u>
Net change in fund balance	(243,586)
Fund balance at July 1, 2007	<u>4,241,786</u>
Fund balance at June 30, 2008	<u><u>\$ 3,998,200</u></u>

3. Excess of expenditures over appropriations

The School's general fund expenditures exceeded its budget by \$27,458. The over-expenditures are due to an increase in depreciation expense due to the large amount of capital assets purchased in the current year. The over-expenditure was funded by the additional revenues received. The School's capital outlay expenditures exceeded its budget by \$193,398, which was funded by the capital outlay revenues.

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the year ended June 30, 2008**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE/PASS THROUGH FLORIDA DEPARTMENT OF EDUCATION</b>		
National School Lunch Program	10.555	\$ 276,842
<b>U.S. DEPARTMENT OF EDUCATION/PASS THROUGH DISTRICT SCHOOL BOARD OF MIAMI-DADE COUNTY</b>		
Title I Grants to Local Educational Agencies	84.010	204,216
Striving Readers	84.371	54,548
		<u>\$ 535,606</u>

Note 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activities of the School during its fiscal year July 1, 2007 to June 30, 2008. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

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

**Partners:**

John R. Hopkins  
James A. Wright, Jr.  
James S. LaHam  
Ross A. Whitley  
W. Ed Moss  
Philip J. Hayes  
Brian L. Nemeroff

Board of Directors  
Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)  
Hialeah Gardens, Florida



We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mater Academy Charter High School, (A Charter School Under Mater Academy, inc), (the "School") a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2008, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 15, 2008. 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

8035 Spyglass Hill  
Road  
Melbourne, FL 32940  
321.757.2020  
FAX 321.242.4844

In planning and performing our audit, we considered Mater Academy Charter High School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mater Academy Charter High School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Mater Academy Charter High School's internal control over financial reporting.

480 N. Orlando Ave.  
Suite 218  
Winter Park, FL  
32789  
407.644.5811  
FAX 407.644.6022

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 entity'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 Mater Academy Charter High School's financial statements is more than inconsequential will not be prevented or detected by the Mater Academy Charter High School's internal control.

[www.bermanhopkins.com](http://www.bermanhopkins.com)

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the Mater Academy Charter High School's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies 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 Mater Academy Charter High School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported in the management letter dated August 15, 2008.

Mater Academy Charter High School's response to our findings identified in our audit is described in the accompanying letter of management response. We did not audit Mater Academy Charter High School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Mater Academy Charter High School's management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, the State of Florida Office of the Auditor General and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

August 15, 2008  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Partners:**

John R. Hopkins  
James A. Wright, Jr.  
James S. LaHam  
Ross A. Whitley  
W. Ed Moss  
Philip J. Hayes  
Brian L. Nemeroff

Board of Directors  
Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)  
Hialeah Gardens, Florida

Compliance

We have audited the compliance of Mater Academy Charter High School (A Charter School Under Mater Academy, Inc.), (the "School"), a component unit of the District School Board of Miami-Dade County, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Mater Academy Charter High School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.



8035 Spyglass Hill  
Road  
Melbourne, FL 32940  
321.757.2020  
FAX 321.242.4844

480 N. Orlando Ave.  
Suite 218  
Winter Park, FL  
32789  
407.644.5811  
FAX 407.644.6022

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Mater Academy Charter High School's compliance with those requirements.

In our opinion, the School, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

[www.bermanhopkins.com](http://www.bermanhopkins.com)

### Internal Control Over Compliance

The management of the School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Mater Academy Charter High School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Mater Academy Charter High School's management, Board of Directors, others within the entity, the District School Board of Miami-Dade County, the State of Florida Office of the Auditor General and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

August 15, 2008  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2008**

**SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiencies identified that is not considered to be a material weakness? **No**

Noncompliance material to financial statements noted? **No**

**Federal Awards**

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified that are not considered to be material weaknesses? **No**

Type of auditors' report issued on compliance for major programs: **Unqualified for all major programs.**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? **No**

The programs tested as major programs are as follows:

U.S. Department of Agriculture/Pass through Florida Department of Education - National School Lunch Program - CFDA Number 10.555

The threshold for distinguishing type A and B programs was **\$300,000**

Did the auditee qualify as a low-risk auditee? **No**

**Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2008**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

See management letter dated August 15, 2008.

**C. FINDINGS – MAJOR FEDERAL AWARDS PROGRAMS**

None in the current year.

**D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**07-1 Segregation of Duties**

*Material weakness*

Condition: During our review of disbursements from the lunch program account, we noted lack of segregation of duties over disbursements. In our sample of 40 disbursements, we noted 36 disbursements that have no evidence of approval by employees at the School. Second, we noted that 11 of the 40 disbursements did not have dual signatures on the checks. Further, the School receives the federal awards for affiliated schools and disburses each schools' portion monthly. The same employee approved nine of the disbursements for affiliated schools and signed the checks.

Criteria: Internal controls should be in place to provide reasonable assurance that compliance with federal requirements are met.

Effect: The School is at risk that a disbursement from the lunch program account is not an allowable operating or administrative costs. The School is also at risk of a misstatement due to the lack of controls over disbursements to affiliated schools.

Auditor's Recommendations: We recommend that the School adopt procedures to ensure that invoices are approved by School personnel and reconciled to receiving reports, dual signatures are required for disbursements over \$2,500, and disbursements to affiliated schools are approved. We further recommend that the duties of approving disbursements and signing checks be segregated.

Status as of June 30, 2008: This finding was resolved in the current year.

## MANAGEMENT LETTER

**Partners:**

John R. Hopkins  
James A. Wright, Jr.  
James S. LaHam  
Ross A. Whitley  
W. Ed Moss  
Philip J. Hayes  
Brian L. Nemeroff

Board of Directors  
Mater Academy Charter High School  
(A Charter School Under Mater Academy, Inc.)  
Hialeah Gardens, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mater Academy Charter High School (A Charter School under Mater Academy, Inc.), (The "School"), a component unit of the District School Board of Miami-Dade County as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated August 15, 2008.



We issued our report on internal control over financial reporting and on compliance and other matters dated August 15, 2008. Disclosures in that report, if any, should be considered in conjunction with this management letter.

The discussion required by the rules of the Auditor General follows:

1. See the attached list for corrective actions, if any, that have been taken to address any significant findings and recommendations made in the preceding annual financial audit report, not otherwise, addressed in the auditors report pursuant to Rule 10.856(2)(b)(2).
2. In connection with our audit, we determined that the School has not met one of the conditions described in Section 218.503(1), Florida Statutes.
3. We have applied financial assessment procedures pursuant to the rules of the Auditor General 10.855(10). There are no deteriorating financial conditions disclosed pursuant to Section 218.39(5), Florida Statutes.
4. See the attached list for any recommendations to improve the School's financial management.
5. See the attached list for any 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 determination of financial statement amounts that is less than material but more than inconsequential.

8035 Spyglass Hill  
Road  
Melbourne, FL 32940  
321.757.2020  
FAX 321.242.4844

480 N. Orlando Ave.  
Suite 218  
Winter Park, FL  
32789  
407.644.5811  
FAX 407.644.6022

[www.bermanhopkins.com](http://www.bermanhopkins.com)

6. Based on our professional judgment, see attached recommendations documenting matters that were inconsequential to the determination of the financial statement amounts considering both quantitative and qualitative factors, including, but not limited to, the following:
  - a. Violations of laws, rules, regulations, contracts, and grant agreements or abuse that: (1) have occurred, or are likely to have occurred; and (2) were discovered within the scope of the financial audit.
  - b. Improper expenditures or illegal acts that would have an immaterial effect on the financial statements.
  - c. Control deficiencies that are not significant deficiencies, including, but not limited to:
    - Improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements).
    - Failures to properly record financial transactions.
    - Inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.
7. The official title of the School is *Mater Academy Charter High School*, a Charter School Under Mater Academy, Inc., which is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes.

This report is intended solely for the information and use of Mater Academy Charter High School's management, the Board of Directors, the District School Board of Miami-Dade County, the State of Florida Office of the Auditor General, and other regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

August 15, 2008  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

**PREDECESSORS AUDITORS' FINDINGS - Corrected**

Transactions with affiliated entities

Transactions with affiliated entities were noted. Certain board members and employees of the School serve as board members of other schools.

Status as of June 30, 2007 – Repeated.

Status as of June 30, 2008 – The issue has been resolved.

## Prior Year Recommendations - Corrected

### 07-1 Segregation of Duties

#### *Material weakness*

Condition: During our review of disbursements from the lunch program account, we noted lack of segregation of duties over disbursements. In our sample of 40 disbursements, we noted 36 disbursements that have no evidence of approval by employees at the School. Second, we noted that 11 of the 40 disbursements did not have dual signatures on the checks. Further, the School receives the federal awards for affiliated schools and disburses each schools' portion monthly. The same employee approved nine of the disbursements for affiliated schools and signed the checks.

Criteria: Internal controls should be in place to provide reasonable assurance that compliance with federal requirements are met.

Effect: The School is at risk that a disbursement from the lunch program account is not an allowable operating or administrative costs. The School is also at risk of a misstatement due to the lack of controls over disbursements to affiliated schools.

Auditor's Recommendations: We recommend that the School adopt procedures to ensure that invoices are approved by School personnel and reconciled to receiving reports, dual signatures are required for disbursements over \$2,500, and disbursements to affiliated schools are approved. We further recommend that the duties of approving disbursements and signing checks be segregated.

As of June 30, 2008 – the above issue has been resolved

### 07-4 Prepaid rent

Criteria: Under the accrual basis of accounting, rent paid in advance should be classified as a prepaid expense.

Condition: Prepaid rent is maintained as an offset to accounts payable.

Questioned cost: N/A

Cause: Management failed to make an entry at year end to reclass the payment or supply the auditors with reclassification.

Effect: Accounts payable and prepaid expenses was understated by approximately \$103,000.

Auditors' recommendation: Management performs a reconciliation of each balance sheet account to ensure year end adjustments are made timely.

As of June 30, 2008 – the above issue has been resolved

## **Prior Year Recommendations - Corrected**

### **07-5 Deposits**

Criteria: Under the accrual basis on accounting, deposits made after year end but applicable to the current fiscal year should be recorded as a receivable.

Condition: Reimbursements for salaries from affiliated schools of approximately \$23,000 was not recorded as a receivable.

Questioned cost: N/A

Cause: Management failed to reconcile bank deposits to their correct general ledger period.

Effect: Expenses were overstated by approximately \$23,000.

Auditors' recommendation: Management reconciles deposits recorded to the period for which they apply.

As of June 30, 2008 – the above issue has been resolved.

### **07-06 School's internal account**

Criteria: The School's internal fund is an agency fund. Agency funds should be reported under the accrual basis of accounting, revenues and the related assets are recorded when earned and expenses are recorded when the obligation is incurred. All assets reported in an agency fund are offset by a liability.

Condition: The School's internal funds are recorded on a cash basis of accounting. The assets reported were not offset by the liabilities.

Questioned cost: N/A

Cause: Management was not aware of this reporting requirement.

Effect: Assets and liabilities are being misstated in both the general fund and the agency fund.

Auditors' recommendation: Management periodically verify that the assets and liabilities of the agency funds are offset.

As of June 30, 2008 – the above issue has been resolved.

## **Prior Year Recommendations - Repeated**

### **07-2 Budgetary comparison**

Criteria: Governmental accounting standards require a government to present a budgetary comparison for the general fund and each major special revenue fund for which a budget is legally adopted.

Condition: The School's operating budget does not segregate the School's general fund from its major special revenue funds (i.e. capital outlay). The budget is prepared on a full accrual basis of accounting, instead of modified accrual, therefore, capital expenditures are not budgeted.

Status of June 30, 2008:

Criteria: Financial and Program Cost Accounting and Reporting for Florida Schools ("Redbook") requires the budgetary comparison be presented on the modified accrual basis of accounting by fund and is to be amended when necessary.

Condition: The School's operating budget does not segregate the School's general fund from its major special revenue funds (i.e. capital outlay). The budget is prepared on a full accrual basis of accounting, instead of modified accrual; therefore, capital expenditures are not budgeted. In addition, the School did not amend their budget to reflect additional expenditures incurred, thus over-expended their budget in both the general fund and capital outlay fund.

Effect: The School is not in compliance with Redbook and their actual expenditures exceed their budgeted appropriations.

Auditor recommendation: We recommend that management prepares budgets for all major funds. We also recommend that the board amends their budgets when appropriate. The School has the ability to amend their budget within 60 days after their fiscal year end.

**Prior Year Recommendations - Repeated**

**07-3 Financial and Program Cost Accounting and Reporting for Florida Schools**

Criteria: The School's charter agreement with the District School Board of Miami-Dade County requires in Part IV, A, (6), that the School "utilize the state codification of accounts as contained in the Financial and Program Cost Accounting and Reporting for Florida Schools" (Redbook).

Condition: The School does not report its revenues and expenditures by fund in accordance with the Redbook. Although, the School maintains separate cash accounts for most of its special revenue, Title I - Reading Leader salaries were paid from the operating account.

Status as of June 30, 2008:

Condition: The School does not report its revenues and expenditures by fund in accordance with the Redbook. Although, the School maintains separate cash accounts for most of its special revenue, Title I - Reading Leader salaries were paid from the operating account.

Effect: Expenditures related to restricted revenue were incorrectly reported in the general fund instead of a special revenue fund.

Auditor recommendation: We recommend that management of the School budget and account for its special revenue funds separately from its general fund.

## Current Year Recommendations

### **08-1 Internal Account**

Criteria: Fees charged by the School for labs (i.e. Math, Sciences, etc.) should be recorded in the general operating account as opposed to the internal account.

Condition: During the 2007-2008 school year, the School was collecting the above mentioned fees and depositing them into the internal account of the School.

Cause: Management of the School was not aware of this reporting requirement.

Effect: The School is understating its revenues in the general operating account and overstating the revenues in the internal account which should be designated specifically for fund raising purposes.

Auditors' recommendation: Management keep all revenue collected for labs separate of the internal fund and leave only fund raising activities for the internal account.

### **08-2 Capitalization of fixed assets**

Criteria: The School's capitalization policy calls for capitalization of property and equipment additions exceeding \$500 and an estimated useful life of more than two years.

Condition: When reviewing the fixed capital accounts for the School, we noted that there were items under the capitalization threshold that were being capitalized.

Cause: The School did not properly identify items that should not have been capitalized.

Effect: Capital asset accounts were overstated while supply expenditure accounts were understated by approximately \$44,000.

Auditors' recommendation: We recommend that the School review the expenditures of supplies and various repair and maintenance transactions to ensure that the amounts should not be capitalized.

## **Mater Academy High School**

September 3, 2008

Ross A. Whitley  
Berman Hopkins Wright & LaHam, CPAs & Associates, LLP  
8035 Spyglass Hill Road  
Melbourne, FL 32940

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

Dear Mr. Whitley:

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

### **PRIOR YEAR RECOMMENDATIONS**

#### **07-2 Recommendation – Budgetary Comparison**

Management prepares a preliminary and amended budget for each general and major special revenue fund.

#### **Management Response**

Management will follow the auditor's recommendation and prepare a preliminary and amended budget for each general and major special revenue fund.

#### **07-3 Recommendation – Financial and Program Cost Accounting and Reporting for Florida Schools**

Management of the School should account for its special revenue funds separately from its general fund.

#### **Management Response**

The School will adopt the auditor's recommendation and account for its special revenue funds separately from its general fund.

### **CURRENT YEAR RECOMMENDATIONS**

#### **08-01 Recommendation – Internal Account**

Management keep all revenue collected for labs separate of the internal fund and leave only fund raising activities for the internal account.

**Management Response**

Management will follow the auditor's recommendation and separate all revenue collected for lab in a separate account.

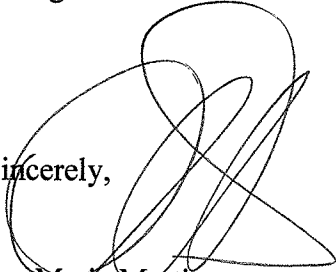
**08-02 Recommendation – Capitalization of Fixed Assets**

We recommend that the School review the expenditures of supplies and various repair and maintenance transactions to ensure that the amounts should not be capitalized.

**Management Response**

Management will follow the auditor's recommendation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ana Maria Martinez', written over a large, faint circular watermark or stamp.

Ana Maria Martinez  
Authorized Signor for Mater Academy, Inc.