

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

Hialeah, Florida

Financial Statements And  
Independent Auditors' Report

June 30, 2009

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MATER ACADEMY LAKES HIGH SCHOOL  
9010 NW 178 Lane  
Hialeah, FL 33018

2008-2009

Board of Directors

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

School Administration

Rene Rovirosa, Vice President and Principal

Other Non-voting Corporate Officers

Lourdes Marrero, Vice President  
Judith Marty, Vice President  
Beatriz Riera, Vice President  
Alex Tamargo, Vice President  
Kim Guilarte, Vice President

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mater Academy Lakes High School  
Hialeah, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Mater Academy Lakes High School (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, 2009, 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 Lakes High School at June 30, 2009, 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 the governmental activities and each major fund of Mater Academy Lakes High School, as of June 30, 2009, 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 28, 2009, 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 23 through 24, respectively, 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.

*HLB Gravin, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 28, 2009

**Management's Discussion and Analysis**  
Mater Academy Lakes High School  
(A Charter school Under Mater Academy, Inc.)  
June 30, 2009

The corporate officers of Mater Academy Lakes High School have prepared this narrative overview and analysis of the school's financial activities for the period ended June 30, 2009.

**Financial Highlights**

1. The assets of the School exceeded its liabilities at June 30, 2009 by \$743,555 (net assets).
2. At year-end, the School had current assets on hand of \$725,585.
3. The net assets of the School increased by \$ 293,541 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, 2009 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. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing.

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

The basic governmental fund financial statements can be found on pages 11 - 15 of this report.

### *Notes to Financial Statements*

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

The notes to the financial statements can be found on pages 16 - 22 of this report.

### **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 \$743,555 at the close of the fiscal year. A summary of the School’s net assets as of June 30, 2009 follows:

	2009	2008
Cash	\$ 666,259	\$ 360,350
Due from other governmental agencies	12,197	109,237
Due from other schools	7,631	-
Prepaid expenses	30,463	19,279
Deposits receivable	9,035	-
Capital assets	169,047	114,834
Total Assets	<u>\$ 894,632</u>	<u>\$ 603,700</u>
Accounts Payable and Accrued Liabilities	151,077	69,726
Deferred Revenue	-	83,960
Total Liabilities	<u>\$ 151,077</u>	<u>\$ 153,686</u>
Invested in Capital Assets, net of related debt	\$ 169,047	\$ 114,834
Unrestricted	574,508	335,180
Total Net Assets	<u>\$ 743,555</u>	<u>\$ 450,014</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, 2009 and 2008 follows.

	<u>2009</u>	<u>2008</u>
<b>REVENUES</b>		
Program Revenues		
Capital Outlay	\$ 221,314	\$ 182,802
Federal Sources	154,331	20,611
Lunch program	71,003	-
General Revenues		
Government Grants Not Restricted to Specific Programs	1,708,560	1,309,257
Other	1,460	2,319
Total Revenues	<u>\$ 2,156,668</u>	<u>\$ 1,514,989</u>
<b>EXPENSES</b>		
Component Unit Activities:		
Instruction	\$ 868,254	\$ 572,298
Instructional Staff Training Services	3,688	2,627
Board	19,920	16,057
School Administration	378,254	260,728
Facilities acquisition	192	-
Fiscal Services	38,752	36,476
Central Services	40,783	30,144
Food services	63,582	-
Maintenance of Plant	15,603	14,796
Operation of Plant	434,099	345,520
Total Expenses	<u>1,863,127</u>	<u>1,278,646</u>
Increase in Net Assets	293,541	236,343
Net Assets at Beginning of Year	<u>450,014</u>	<u>213,671</u>
Net Assets at End of Year	<u>\$ 743,555</u>	<u>\$ 450,014</u>

The School's revenue and expenditures increased by \$641,679 and \$584,481 respectively. Although there was a large increase in student enrollment, the revenue surplus was affected due to the State of Florida initiated cut backs in FTE funding resulting from the adverse economic climate nationwide. The School had an increase in its net assets of \$293,541 for the year.

### **Accomplishments**

In 2009, Mater Academy Lakes High School completed its third year of operation, and earned a letter grade of "B," improving a letter grade from the previous school year. The School received a "School Recognition Award" from the Florida Department of Education and the "Superintendent's Award" for its achievement in improving student performance.

Mater Academy Lakes High School provides its students with a rigorous college preparatory curriculum, as well as extra-curricular activities, including team sports and clubs. This past year, Mater Lakes High had the unique distinction of having one of its students elected as President of the Student Body for all of Miami-Dade County Public Schools. It is the first time that a charter school student has been elected. The School is also in the process of obtaining accreditation from 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 \$574,508.

### Capital Assets

The School's investment in capital assets as of June 30, 2009 amounts to \$169,047 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and computer equipment.

### Governmental Fund Budget Analysis and Highlights

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

	Governmental Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
Capital Outlay Funding	\$ 270,810	\$ 225,000	\$ 221,314
Federal Sources	-	155,000	154,331
Lunch program	70,000	65,000	71,003
General Revenues			
FTE Nonspecific Revenues	1,751,720	1,700,000	1,708,560
Other Revenues	-	-	1,460
Total Revenues	\$ 2,092,530	\$ 2,145,000	\$ 2,156,668
<b>CURRENT EXPENDITURES</b>			
Instruction	775,000	880,000	825,681
Instructional staff training services	5,000	5,000	3,689
Board	20,000	20,000	19,920
School administration	420,000	420,000	378,254
Fiscal services	40,000	40,000	38,752
Food services	70,000	65,000	63,583
Central services	45,000	45,000	40,783
Operation of plant	521,400	440,000	427,629
Maintenance of plant	18,000	18,000	14,303
Total Current Expenditures	\$ 1,914,400	\$ 1,933,000	\$ 1,812,594

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

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

STATEMENT OF NET ASSETS  
June 30, 2009

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**Assets**

Current Assets:

Cash	\$	666,259
Due from other government agencies		12,197
Due from other schools		7,631
Prepaid expenses		30,463
Deposits receivable		9,035
		<u>725,585</u>

Capital assets, depreciable		255,789
Less accumulated depreciation		(86,742)
		<u>169,047</u>

Total Assets \$ 894,632

**Liabilities and Net Assets**

Current Liabilities:

Accounts payable	\$	1,016
Due to other schools		60,570
Accrued liabilities		89,491
Total Liabilities		<u>151,077</u>

Net Assets:

Invested in capital assets		169,047
Unrestricted		574,508
Total Net Assets		<u>743,555</u>

Total Liabilities and Net Assets \$ 894,632

The accompanying notes are an integral part of this financial statement

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

STATEMENT OF ACTIVITIES  
For the year ended June 30, 2009

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 868,254	\$ -	\$ 154,331	\$ -	(713,923)
Instructional staff training	3,688	-	-	-	(3,688)
Board	19,920	-	-	-	(19,920)
School administration	378,254	-	-	-	(378,254)
Facilities acquisition	192	-	-	-	(192)
Fiscal services	38,752	-	-	-	(38,752)
Central services	40,783	-	-	-	(40,783)
Food services	63,582	20,080	50,923	-	7,421
Maintenance of plant	15,603	-	-	-	(15,603)
Operation of Plant	434,099	-	-	221,314	(212,785)
<b>Total Governmental Activities</b>	<b>1,863,127</b>	<b>20,080</b>	<b>205,254</b>	<b>221,314</b>	<b>(1,416,479)</b>

General revenues:	
FTE nonspecific revenues	1,708,560
Other revenue	1,460
	<u>1,710,020</u>
Change in net assets	293,541
Net assets, beginning	450,014
Net assets, ending	<u>\$ 743,555</u>

The accompanying notes are an integral part of this financial statement

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

BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2009

	General Fund	Special	Total Governmental
		Revenue Fund	Funds
<b><u>Assets</u></b>			
Cash	\$ 666,259	\$ -	\$ 666,259
Due from other government agencies	-	12,197	12,197
Due from other schools	7,631	-	7,631
Prepaid expenses	30,463	-	30,463
Due to other funds	12,197	-	12,197
Deposits receivable	9,035	-	9,035
Total Assets	<u>\$ 725,585</u>	<u>\$ 12,197</u>	<u>\$ 737,782</u>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 1,016	\$ -	\$ 1,016
Due to other schools	60,570	-	60,570
Accrued liabilities	89,491	-	89,491
Due from other funds	-	12,197	12,197
Total Liabilities	<u>151,077</u>	<u>12,197</u>	<u>163,274</u>
<b><u>Fund balance</u></b>			
Unreserved	574,508	-	574,508
	<u>574,508</u>	<u>-</u>	<u>574,508</u>
Total Liabilities and Fund Balance	<u>\$ 725,585</u>	<u>\$ 12,197</u>	<u>\$ 737,782</u>

The accompanying notes are an integral part of this financial statement

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

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

For the year ended June 30, 2009

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Total Fund Balance - Governmental Funds \$ 574,508

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

Capital assets of \$255,789 net of accumulated depreciation of \$86,742 used in governmental activities are not financial resources and therefore are not reported in the fund. 169,047

Total Net Assets - Governmental Activities \$ 743,555

The accompanying notes are an integral part of this financial statement

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 For the year ended June 30, 2009

	Special Revenue		Total
	General Fund	Fund	Governmental Funds
Revenues:			
State passed through local	\$ 1,708,560	\$ -	\$ 1,708,560
State capital outlay funding	-	221,314	221,314
Federal grants		154,331	154,331
Federal lunch program		50,923	50,923
Local lunch fees	-	20,080	20,080
Other revenue	1,460	-	1,460
Total Revenues	<u>1,710,020</u>	<u>446,648</u>	<u>2,156,668</u>
Expenditures:			
Current			
Instruction	728,060	97,621	825,681
Instructional staff training services	-	3,689	3,689
Board	12,420	7,500	19,920
School administration	378,254	-	378,254
Fiscal services	38,752	-	38,752
Food services	-	63,583	63,583
Central services	40,783	-	40,783
Maintenance of plant	14,303	-	14,303
Operation of Plant	206,315	221,314	427,629
Capital outlay:			
Other capital outlay	59,225	45,521	104,746
Total Expenditures	<u>1,478,112</u>	<u>439,228</u>	<u>1,917,340</u>
Excess of Revenues Over Expenditures	231,908	7,420	239,328
Other financing sources			
Transfers in and (out)	7,420	(7,420)	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	239,328	-	239,328
Fund Balance at beginning of year	335,180	-	335,180
Fund Balance at end of year	<u>\$ 574,508</u>	<u>\$ -</u>	<u>\$ 574,508</u>

The accompanying notes are an integral part of this financial statement

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
For the year ended June 30, 2009

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Change in Fund Balance - Governmental Funds \$ 239,328

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 \$104,748 differed from depreciation expense of \$50,535.

54,213

Change in Net Assets of Governmental Activities

\$ 293,541

The accompanying notes are an integral part of this financial statement

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
Statement of Net Assets - Fiduciary Funds  
June 30, 2009

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	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash	\$ 36,662
Total Assets	<u>\$ 36,662</u>
<b><u>Liabilities</u></b>	
Due to students and clubs	\$ 36,662
Total Liabilities	\$ 36,662
<b><u>Net assets</u></b>	<u>\$ -</u>

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

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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**Note 1 – Organization and Operations**

Mater Academy Lakes High School (the "School"), is a charter school under Mater Academy, Inc., a 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 various 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, 2016 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's temporary location is in Hialeah, Florida for children from ninth through twelfth grades and is funded by the District.

These financial statements are for the year ended June 30, 2009, when approximately 274 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. These statements also do not include fiduciary funds.

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.

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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**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 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 and capital outlay grants that are legally restricted to expenditures for particular purposes.

*Agency Fund* - accounts for resources of the School's Internal Fund, which is used to administer monies collected at the schools in connection with school, student athletics, class, and club activities.

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.

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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

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.

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:

Furniture and Equipment	5 Years
Building and Improvements	10-15 Years
Textbooks	3 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.

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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**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.

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

Government Accounting Standards Board (GASB) Statement 16, Accounting for Compensated Absences, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefits years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

Income Taxes

Mater Academy, 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 LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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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, 2009:

	<u>Balance 7/1/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/09</u>
Capital Assets				
Buildings and improvements	\$ -	\$ 7,690	\$ -	\$ 7,690
Furniture, equipment and textbooks	<u>151,041</u>	<u>97,058</u>	-	<u>248,099</u>
Total Capital Assets	151,041	104,748		255,789
Less Accumulated Depreciation				
Furniture, equipment and textbooks	<u>( 36,207)</u>	<u>(50,535)</u>	-	<u>(86,742)</u>
Total Accumulated Depreciation	<u>( 36,207)</u>	<u>(50,535)</u>	-	<u>(86,742)</u>
Capital Assets, net	<u>\$ 114,834</u>	<u>\$ 54,213</u>	<u>\$ -</u>	<u>\$ 169,047</u>

Depreciation expense for the period ended June 30, 2009 was \$50,535 and is allocated in the Statement of Activities to instruction, facilities acquisition and construction and plant operation expenses.

**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 the management company 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 2011, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2009, the School incurred approximately \$117,000 in management fees.

Academica Dade, LLC is located at 6361 Sunset Drive, Miami, Florida 33143 and its officers are:

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

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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**Note 5 – Transactions with Other Schools**

Mater Academy, Inc. operates various charter schools. During 2009, the School's facility was located in the premises of Mater Academy Gardens. During the year, the School entered into a usage agreement with Mater Academy Gardens. The School paid facility related expenses directly to third party vendors including approximately \$364,000 in rental expense directly to the landlord and approximately \$13,000 to Mater Academy Gardens. As of June 30, 2009, the School had \$7,631 in accounts receivable from such school and \$30,462 recorded as prepaid rent. In addition, as of June 30, 2009, the School had \$60,570 due to Mater Lakes Middle.

The School's lunch program is shared with various schools. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements.

**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, 2009, the carrying amount of the School's deposits was \$666,259 and the respective bank balances totaled \$791,217. Out of the total bank balances, \$780,000 was fully collateralized by U.S. Government obligations under a repurchase agreement with Regions Bank and the remainder was subject to coverage under the Federal Depository Insurance Corporation (FDIC).

**Note 7 – Commitments and Contingencies**

In June 2009, the school entered into an operating lease for modular equipment at its new facility for approximately \$9,035 per month. The lease term is for 36 months with no provision for renewal. Minimum payments under this lease are as follows:

2010	\$108,420
2011	\$108,420
2012	\$54,210

The School received substantially all of its revenues from Federal and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies.

MATER ACADEMY LAKES HIGH SCHOOL  
(A charter school under Mater Academy, Inc.)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

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**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 in the past. In addition, there were no reductions in insurance coverage from those in the prior year.

**Note 9 - Defined Contribution Retirement Plan**

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School provides a match of 50% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$3,391 for the year ended June 30, 2009. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by MassMutual Financial Group.

REQUIRED SUPPLEMENTARY INFORMATION

Mater Academy Lakes High School  
(A charter school under Mater Academy, Inc)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2009

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Local Sources	\$ 1,751,720	\$ 1,700,000	\$ 1,708,560
Interest and other revenues	-	-	1,460
Total Revenues	<u>\$ 1,751,720</u>	<u>\$ 1,700,000</u>	<u>\$ 1,710,020</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	\$ 775,000	\$ 782,000	\$ 728,060
Instructional Staff			
Training Services	5,000	-	-
Board	20,000	13,000	12,420
School Administration	420,000	420,000	378,254
Fiscal Services	40,000	40,000	38,752
Central Services	45,000	45,000	40,783
Operation of Plant	250,590	215,000	206,315
Maintenance of Plant	18,000	18,000	14,303
Total Current Expenditures	<u>1,573,590</u>	<u>1,533,000</u>	<u>1,418,887</u>
Excess of Revenues			
Over Current Expenditures	<u>178,130</u>	<u>167,000</u>	<u>291,133</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	<u>100,000</u>	<u>60,000</u>	<u>59,225</u>
	<u>100,000</u>	<u>60,000</u>	<u>59,225</u>
Total Expenditures	<u>1,673,590</u>	<u>1,593,000</u>	<u>1,478,112</u>
Excess of Revenues			
Over Expenditures	78,130	107,000	231,908
Other financing sources			
Transfers in and (out)	<u>-</u>	<u>-</u>	<u>7,420</u>
Net change in fund balance	78,130	107,000	239,328
Fund Balance at beginning of year	<u>1,409</u>	<u>177,160</u>	<u>335,180</u>
Fund Balance at end of year	<u>\$ 79,539</u>	<u>\$ 284,160</u>	<u>\$ 574,508</u>

Mater Academy Lakes High School  
(A charter school under Mater Academy, Inc)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2009

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State capital outlay funding	\$ 270,810	\$ 225,000	\$ 221,314
Federal grants	-	155,000	154,331
Federal lunch program	50,000	51,000	50,923
Local lunch fees	20,000	14,000	20,080
Total Revenues	<u>340,810</u>	<u>445,000</u>	<u>\$ 446,648</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instruction	\$ -	\$ 98,000	\$ 97,621
Instructional Staff			
Training Services		5,000	3,689
Board		7,000	7,500
Food Services	70,000	65,000	63,583
Operation of Plant	270,810	225,000	221,314
Total Current Expenditures	<u>340,810</u>	<u>400,000</u>	<u>393,707</u>
	<u>-</u>	<u>45,000</u>	<u>52,941</u>
<b>Debt Service:</b>			
Redemption of Principal	-	-	-
<b>Capital Outlay:</b>			
Other Capital Outlay	-	45,000	45,521
	<u>-</u>	<u>45,000</u>	<u>45,521</u>
Total Expenditures	<u>340,810</u>	<u>445,000</u>	<u>439,228</u>
Excess of Revenues Over Expenditures	-	-	7,420
<b>Other financing sources</b>			
Transfers in and (out)			<u>(7,420)</u>
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
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 Lakes High School  
Hialeah, Florida

We have audited the financial statements of the governmental activities and each major fund of Mater Academy Lakes High School (the "School") as of, and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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.

*HLB Gravier, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 28, 2009

MANAGEMENT LETTER

Board of Directors of  
Mater Academy Lakes High School  
Hialeah, Florida

We have audited the accompanying basic financial statements of Mater Academy Lakes High School as of and for the year ended June 30, 2009 and have issued our report thereon dated August 28, 2009.

We conducted our audit 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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosure in those reports, which are dated August 28, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report or schedule:

1. Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

2. Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management.

In connection with our audit, we have the following recommendation:

**Internal Fund Bank Reconciliation**

During the year, the School did not properly reconcile the bank statement of the internal fund account resulting in an unreconciled difference between the year end bank statement and the balance recorded on the School's records. Management should ascertain that the Schools' internal account is timely reconciled on a monthly basis.

3. Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential.

In connection with our audit, we did not have any such violations.

4. Section 10.854(1)(e)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement accounts, considering both quantitative and qualitative factors: (1) violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, and (2) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (b) failures to properly record financial transactions; and (c) inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor.

In connection with our audit, we did not have any such findings.

5. Section 10854.(1)(e)6., Rules of the Auditor General, requires the name or official title of the school.

The official title of the school is disclosed in the accompanying financial statements.

6. Section 10.854(1)(e)2., Rules of the Auditor General, requires a statement be included as to whether or not the school has met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met.

In connection with our audit, no such conditions were noted.

7. Pursuant to Sections 10.854(1)(3)7.a. and 10.855(10)., Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

We have applied such procedures and no deteriorating financial condition has been noted.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of 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.

Handwritten signature in cursive script that reads "HLB Gravier, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 28, 2009

**Mater Academy Lakes High School**

August 29, 2009

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**

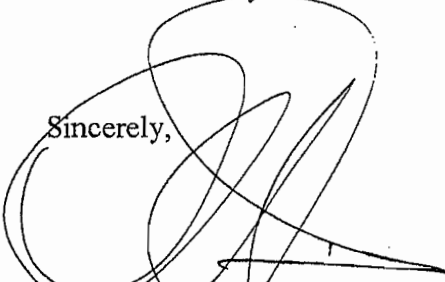
**09-01 Recommendation – Internal Fund Bank Reconciliations**

During the year, the School did not properly reconcile the bank statement of the internal account resulting in an unreconciled difference between the year end bank statement and the balance recorded on the School's records. Management should ascertain that the Schools' internal account is timely reconciled on a monthly basis.

**Management Response**

The School was in the process of moving from a temporary location to their permanent facility towards the end of the School year. As a result, bank statements were inadvertently not forwarded. Management will adhere to auditor's recommendation and reconcile monthly bank statements in a timely manner.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Ana Maria Martinez', is written over the word 'Sincerely,'.

Ana Maria Martinez  
Authorized Signor for Mater Academy, Inc.