

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

Hialeah, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2009

TABLE OF CONTENTS

General Information	1
Independent Auditors' Report.	2-3
Management's Discussion and Analysis (Required Supplementary Information)	4-8
Basic Financial Statements:	
<i>Government-wide Financial Statement:</i>	
Statement of Net Assets	9
Statement of Activities.	10
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds.	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets.	12
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.	14
Notes to the Basic Financial Statements	15-21
Required Supplementary Information:	
Budgetary comparison schedules.	22-23
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	
	24-25
Management Letter	26-27

MATER ACADEMY LAKES MIDDLE 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 Middle School
Hialeah, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Mater Academy Lakes Middle 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 Middle 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 Middle 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 22 through 23, 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 Grainger, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2009

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

The corporate officers of Mater Academy Lakes Middle 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 \$554,179 (net assets).
2. At year-end, the School had current assets on hand of \$491,143.
3. The net assets of the School increased by \$201,459 during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 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. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing.

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

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

Notes to Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a charter school’s financial position. In the case of the School, assets exceeded liabilities by \$554,179 at the close of the fiscal year. A summary of the School’s net assets as of June 30, 2009 follows:

	2009	2008
Cash	\$ 365,461	\$ 268,197
Due from other charter schools	66,566	
Due from other governmental agencies	19,829	122,156
Other receivables	39,287	10,652
Capital assets	115,337	148,992
Total Assets	<u>\$ 606,480</u>	<u>\$ 549,997</u>
Accounts Payable and Accrued Liabilities	52,301	90,667
Deferred revenue	-	106,600
Total Liabilities	<u>\$ 52,301</u>	<u>\$ 197,277</u>
Invested in Capital Assets, net of related debt	\$ 115,337	\$ 148,992
Unrestricted	438,842	203,728
Total Net Assets	<u>\$ 554,179</u>	<u>\$ 352,720</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>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 177,377	\$ 31,236
Capital Grants	136,317	182,417
Lunch Program	55,788	-
General Revenues		
Government Grants Not Restricted to Specific Programs	1,303,800	1,635,963
Other	498	1,303
Total Revenues	<u>\$ 1,673,780</u>	<u>\$ 1,850,919</u>
EXPENSES		
Component Unit Activities:		
Instruction	\$ 652,012	\$ 773,627
Instructional Staff Training Services	1,161	805
Board	19,668	16,452
School Administration	299,113	345,211
Facility acquisition	124	-
Fiscal Services	33,045	39,300
Central Services	38,049	40,186
Food Services	50,183	-
Maintenance of Plant	16,621	22,330
Operation of Plant	362,345	474,376
Total Expenses	<u>1,472,321</u>	<u>1,712,287</u>
Increase in Net Assets	201,459	138,632
Net Assets at Beginning of Year	<u>352,720</u>	<u>214,088</u>
Net Assets at End of Year	<u>\$ 554,179</u>	<u>\$ 352,720</u>

Due to the adverse economic climate nationwide, the State of Florida initiated several hold backs in FTE funding as driven by their budgeting process. As a result, Mater Academy Lakes Middle School's revenue decreased by \$177,139 and expenses decreased by \$239,966 in the current year. In addition, they had a decrease in student enrollment. The School had an increase in its net assets of \$201,459 during the year.

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 \$438,842.

Capital Assets

The School's investment in capital assets as of June 30, 2009 amounts to \$115,337 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and computer equipment.

General Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital Grants	\$ 142,800	\$ 140,000	\$ 136,317
Operating Grants and Contributions	-	178,000	177,377
Lunch Program	50,000	52,000	55,788
General Revenues			
FTE Nonspecific Revenues	1,207,700	1,300,000	1,303,800
Other Revenues	-	-	498
Total Revenues	\$ 1,400,500	\$ 1,670,000	\$ 1,673,780
CURRENT EXPENSES			
Instruction	450,000	608,000	594,699
Instructional staff training services	2,000	2,000	1,161
Board	20,000	20,000	19,668
School administration	310,000	300,000	299,113
Fiscal services	35,000	35,000	33,045
Food services	50,000	52,000	50,183
Central services	40,000	40,000	38,049
Operation of plant	430,000	370,000	360,528
Maintenance of plant	18,000	18,000	14,760
Total Current Expenditures	\$ 1,355,000	\$ 1,445,000	\$ 1,411,206

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

Accomplishments

In 2009, Mater Academy Lakes Middle School completed its third year of operation, and earned a letter grade of “A.” The School received a “School Recognition Award” from the Florida Department of Education and the “Superintendent’s Platinum Award” for its achievements. The School also met Adequate Yearly Progress under the No Child Left Behind Act. The School also received a recognition award from the United Way Campaign for meeting 100% of its goal in its fundraising efforts.

Mater Academy Lakes Middle School’s rigorous curriculum prepares students for Advanced Academic Placement before entering high school. The School is in the process of applying for accreditation from the Southern Association of Colleges and Schools.

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 Middle School
(A charter school under Mater Academy, Inc.)

STATEMENT OF NET ASSETS
June 30, 2009

Assets

Current Assets:

Cash	\$	365,461
Due from other charter schools		66,566
Due from other government agencies		19,829
Prepaid expenses		39,287
		<u>491,143</u>

Capital assets, depreciable		244,333
Less accumulated depreciation		(128,996)
		<u>115,337</u>

Total Assets	\$	<u><u>606,480</u></u>
--------------	----	-----------------------

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$	120
Accrued liabilities		52,181
Total Liabilities		<u>52,301</u>

Net Assets:

Invested in capital assets		115,337
Unrestricted		438,842
Total Net Assets		<u>554,179</u>

Total Liabilities and Net Assets	\$	<u><u>606,480</u></u>
----------------------------------	----	-----------------------

The accompanying notes are an integral part of this financial statement

Mater Academy Lakes Middle 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	
Governmental Activities:				
Instruction	\$ 652,012	\$ -	165,635	\$ -
Instructional staff training services	1,161	-	1,161	-
Board	19,668	-	7,500	-
School administration	299,113	-	3,081	-
Facilities acquisition	124	-	-	-
Fiscal services	33,045	-	-	-
Central services	38,049	-	-	-
Food services	50,183	15,777	40,011	-
Maintenance of plant	16,621	-	-	-
Operation of Plant	362,345	-	-	136,317
Total Governmental Activities	<u>1,472,321</u>	<u>15,777</u>	<u>217,388</u>	<u>136,317</u>
General revenues:				
FTE nonspecific revenues				1,303,800
Other revenue				498
Change in net assets				201,459
Net assets, beginning				352,720
Net assets, ending				<u>\$ 554,179</u>

The accompanying notes are an integral part of this financial statement

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

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 365,461	\$ -	\$ 365,461
Due from other charter schools	66,566	-	66,566
Due from other government agencies	-	19,829	19,829
Due from funds	19,829	-	19,829
Prepaid expenses	39,287	-	39,287
Total Assets	\$ 491,143	\$ 19,829	\$ 510,972
<u>Liabilities</u>			
Accounts payable	\$ 120	\$ -	\$ 120
Accrued liabilities	52,181	-	52,181
Due to funds	-	19,829	19,829
Total Liabilities	52,301	19,829	72,130
<u>Fund balance</u>			
Unreserved	438,842	-	438,842
	438,842	-	438,842
Total Liabilities and Fund Balance	\$ 491,143	\$ 19,829	\$ 510,972

The accompanying notes are an integral part of this financial statement

Mater Academy Lakes Middle 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

Total Fund Balance - Governmental Funds \$ 438,842

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

Capital assets of \$244,333 net of accumulated depreciation of \$128,996 used in governmental activities are not financial resources and therefore are not reported in the fund. 115,337

Total Net Assets - Governmental Activities \$ 554,179

The accompanying notes are an integral part of this financial statement

Mater Academy Lakes Middle 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	Special Revenue Fund	Total Governmental Funds
Revenues:			
State passed through local	\$ 1,303,800	\$ -	\$ 1,303,800
State capital outlay funding	-	136,317	136,317
Federal grants		177,377	177,377
Federal lunch program		40,011	40,011
Lunch fees	-	15,777	15,777
Other revenue	498	-	498
Total Revenues	1,304,298	369,482	1,673,780
Expenditures:			
Current			
Instruction	451,569	143,130	594,699
Instructional staff training services	-	1,161	1,161
Board	12,168	7,500	19,668
School administration	296,032	3,081	299,113
Fiscal services	33,045	-	33,045
Food services	-	50,183	50,183
Central services	38,049	-	38,049
Maintenance of plant	14,760	-	14,760
Operation of Plant	224,211	136,317	360,528
Capital outlay:			
Other capital outlay	4,955	22,505	27,460
Total Expenditures	1,074,789	363,877	1,438,666
Excess of Revenues Over Expenditures	229,509	5,605	235,114
Other financing sources			
Transfers in and (out)	5,605	(5,605)	-
Net change in fund balance	235,114	-	235,114
Fund Balance at beginning of year	203,728	-	203,728
Fund Balance at end of year	\$ 438,842	\$ -	\$ 438,842

The accompanying notes are an integral part of this financial statement

Mater Academy Lakes Middle 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

Change in Fund Balance - Governmental Funds \$ 235,114

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 \$27,459 differed from depreciation expense of \$61,114.

(33,655)

Change in Net Assets of Governmental Activities

\$ 201,459

The accompanying notes are an integral part of this financial statement

Note 1 – Organization and Operations

Mater Academy Lakes Middle 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 sixth through eighth grades and is funded by the District.

These financial statements are for the year ended June 30, 2009, when approximately 220 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 any 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.

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

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

Special Revenue Fund - accounts for specific revenue, such as federal grants and capital outlay funding, that are legally restricted to expenditures for particular purposes.

Measurement Focus and Basis of Accounting

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

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

Cash

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

Due from Other Governments or Agencies

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

Capital Assets

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

Furniture and Equipment	5 Years
Buildings 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.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

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 days of sick. 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 matter 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.

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:

	Balance 07/01/08	Additions	Retirements	Balance 06/30/09
Capital Assets				
Building and improvements	\$ -	\$ 4,955	\$ -	\$ 4,955
Furniture, equipment and textbooks	216,874	22,504		239,378
Total Capital Assets	<u>216,874</u>	<u>27,459</u>	\$ -	<u>244,333</u>
Less Accumulated Depreciation				
Furniture, equipment and textbooks	(67,882)	(61,114)	-	(128,996)
Total Accumulated Depreciation	<u>(67,882)</u>	<u>(61,114)</u>	<u>-</u>	<u>(128,996)</u>
Capital Assets, net	<u>\$148,992</u>	<u>\$ (33,655)</u>	<u>\$ -</u>	<u>\$ 115,337</u>

Depreciation expense for the period ended June 30, 2009 was \$61,114 and is allocated in the Statement of Activities to instruction and facilities acquisition and construction expense.

Note 4 –Management Agreement

Academica Dade, LLC, a professional charter school management company, provides management and administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and 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 \$99,000 in management fees, of which approximately \$15,000 were prepaid at year.

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

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 one-year usage agreement with Mater Academy Gardens. The School paid facility related expenses directly to third party vendors and approximately \$12,000 to Mater Academy Gardens. Additionally, \$286,000 in rental expense was paid directly to the landlord. As of June 30, 2009, the School had \$5,996 in accounts receivable from such school and approximately \$24,000 in prepaid rent. Finally, as of June 30, 2009, the School had a reimbursement from Mater Lakes High in the amount of \$60,570 for the purchase of modular classrooms to be used in the 2009-2010 school year.

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 365,461 and the respective bank balances totaled \$381,604. Out of the total bank balances, \$250,000 was covered by the Federal Depository Insurance Corporation (FDIC).

Note 7 – Risk Management

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

Note 8 – 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 \$4,124 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.

Note 9 – Commitments and Contingencies

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.

REQUIRED SUPPLEMENTARY INFORMATION

Mater Academy Lakes Middle 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
REVENUES			
State passed through local	\$ 1,207,700	\$ 1,300,000	\$ 1,303,800
Other revenue	-	-	498
Total Revenues	<u>1,207,700</u>	<u>1,300,000</u>	<u>1,304,298</u>
EXPENDITURES			
Current:			
Instruction	450,000	455,000	451,569
Board	12,000	12,000	12,168
School Administration	307,000	297,000	296,032
Fiscal Services	35,000	35,000	33,045
Central Services	40,000	40,000	38,049
Operation of Plant	287,200	230,000	224,211
Maintenance of Plant	18,000	18,000	14,760
Total Current Expenditures	<u>1,149,200</u>	<u>1,087,000</u>	<u>1,069,834</u>
Excess of Revenues Over Current Expenditures	<u>58,500</u>	<u>213,000</u>	<u>234,464</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	30,000	5,000	4,955
	<u>30,000</u>	<u>5,000</u>	<u>4,955</u>
Total Expenditures	<u>1,179,200</u>	<u>1,092,000</u>	<u>1,074,789</u>
Excess of Revenues Over Expenditures	28,500	208,000	229,509
Other financing sources			
Transfers in and (out)	13,000	13,000	5,605
Net change in fund balance	41,500	221,000	235,114
Fund Balance at beginning of year	<u>203,728</u>	<u>203,728</u>	<u>203,728</u>
Fund Balance at end of year	<u>\$ 245,228</u>	<u>\$ 424,728</u>	<u>\$ 438,842</u>

Mater Academy Lakes Middle 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
REVENUES			
State capital outlay funding	\$ 142,800	\$ 140,000	\$ 136,317
Federal grants	-	178,000	177,377
Federal lunch program	40,000	40,000	40,011
Lunch fees	10,000	12,000	15,777
Total Revenues	<u>192,800</u>	<u>370,000</u>	<u>369,482</u>
EXPENDITURES			
Current:			
Instruction	-	153,000	143,130
Instructional Staff			
Training Services	2,000	2,000	1,161
Board	8,000	8,000	7,500
School Administration	3,000	3,000	3,081
Food Services	50,000	52,000	50,183
Operation of Plant	142,800	140,000	136,317
Total Current Expenditures	<u>205,800</u>	<u>358,000</u>	<u>341,372</u>
Excess of Revenues			
Over Current Expenditures	<u>(13,000)</u>	<u>12,000</u>	<u>28,110</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay		25,000	22,505
	<u>-</u>	<u>25,000</u>	<u>22,505</u>
Total Expenditures	<u>205,800</u>	<u>383,000</u>	<u>363,877</u>
Excess of Revenues Over Expenditures	(13,000)	(13,000)	5,605
Other financing sources			
Transfers in and (out)	<u>13,000</u>	<u>13,000</u>	<u>(5,605)</u>
Net change in fund balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

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

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

We have audited the financial statements of the governmental activities and each major fund of Mater Academy Lakes Middle 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2009

MANAGEMENT LETTER

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

We have audited the accompanying basic financial statements of Mater Academy Lakes Middle 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 did not have any such recommendations.

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

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

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.

HLB Graeber, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 28, 2009