

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

Hialeah Gardens, Florida

**Financial Statements And
Independent Auditors' Report**

June 30, 2010

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MATER ACADEMY HIGH SCHOOL
7901 NW 103rd Street
Hialeah Gardens, FL 33016

2009-2010

Board of Directors

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

School Administration

Judith Marty, Vice President and Principal

Other Non-voting Corporate Officers

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Lourdes Marrero, Vice President
Beatriz Riera, Vice President
Alex Tamargo, Vice President
Kim Guilarte, Vice President
Cecilia Bermeosolo-Telleria, Vice President
Alejandra Salima Abello-Jacquinet, Vice President

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mater Academy High School
Hialeah Gardens, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Mater Academy 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, 2010, 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 High School at June 30, 2010, 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 High School, as of June 30, 2010, 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 30, 2010, 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 25 through 26, 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.

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

HLB Graven, LP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2010

Management's Discussion and Analysis
MATER ACADEMY HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
June 30, 2010

The corporate officers of MATER ACADEMY HIGH SCHOOL have prepared this narrative overview and analysis of the school's financial activities for the fiscal ended June 30, 2010.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2010 by \$7,410,513 (net assets).
2. At year-end, the School had current assets on hand of \$4,413,252.
3. The net assets of the School increased by \$ 256,920 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, 2010 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

All of the funds of the School are governmental funds. *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 - 24 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 \$7,410,513 at the close of the fiscal year. A summary of the School’s net assets as of June 30, 2010 follows:

	2010	2009
Cash	\$ 4,033,267	\$ 3,962,942
Due from other governmental agencies	142,904	83,070
Due from other schools	42,592	56,947
Prepaid expenses	164,051	353,544
Deposits receivable	30,438	30,438
Capital assets	3,628,713	3,614,170
Total Assets	<u>\$ 8,041,965</u>	<u>\$ 8,101,111</u>
Accounts payable and accrued liabilities	555,385	947,518
Due to other schools	76,067	-
Total Liabilities	<u>\$ 631,452</u>	<u>\$ 947,518</u>
Invested in capital Assets	\$ 3,628,713	\$ 3,614,170
Restricted	536,918	-
Unrestricted	3,244,882	3,539,423
Total Net Assets	<u>\$ 7,410,513</u>	<u>\$ 7,153,593</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, 2010 and 2009 follows.

	<u>2010</u>	<u>2009</u>
REVENUES		
Program Revenues		
Capital outlay	\$ 1,300,873	\$ 1,473,618
Federal sources	229,823	267,339
Lunch program	353,783	383,962
Charges for services	258,829	244,880
General Revenues		
Government Grants Not Restricted to		
Specific Programs	8,564,909	8,893,462
Other	30,148	55,511
Total Revenues	<u>\$ 10,738,365</u>	<u>\$ 11,318,772</u>
EXPENSES		
Component Unit Activities:		
Instruction	\$ 5,620,103	\$ 5,731,528
Instructional media services	700	700
Instructional staff training services	16,596	37,876
Board	20,771	27,389
School administration	1,181,316	1,244,284
Facilities acquisition	191,734	110,002
Fiscal services	210,719	219,377
Central services	206,357	225,494
Food services	329,252	366,820
Information services	-	6,328
Pupil transportation services	-	34,290
Maintenance of plant	183,894	171,171
Operation of plant	2,520,003	2,477,917
Total Expenses	<u>10,481,445</u>	<u>10,653,176</u>
Increase in Net Assets	256,920	665,596
Net Assets at Beginning of Year	<u>7,153,593</u>	<u>6,487,997</u>
Net Assets at End of Year	<u>\$ 7,410,513</u>	<u>\$ 7,153,593</u>

The School's revenue and expenditures decreased by \$580,407 and \$171,731, respectively, as a result of a decrease in student enrollment, which significantly impacted capital outlay and FTE revenues. The School had an increase in its net assets of \$256,920 for the year.

Accomplishments

The 2009-2010 school year was filled with much success for Mater Academy High School and its students. For the 3rd consecutive year, the school was designated as “One of the Nation’s Top High Schools” in U.S. News & World Report magazine’s publication of “America’s Best High Schools.” Similarly, Newsweek magazine listed Mater Academy High School in the top 1% of approximately 18,000 public high schools in the nation for the 3rd consecutive year. Based on the results available to date, the school expects to receive a letter grade of “A,” for the 3rd consecutive year, ranking it among the top highest-performing public high schools in Miami-Dade County.

In 2010, Mater Academy High School’s graduation rate of over 96% far exceeded the state and national average graduation rates, particularly among Hispanic students, which comprise the majority of Mater’s student body. Many of the students graduating received Florida Bright Futures Scholarships, which rewards students for their academic achievements during high school, by providing funding for them to pursue postsecondary educational and career goals in Florida. In addition, numerous Mater Academy High School students graduated high school with an A.A. degree from Miami-Dade College.

Mater Academy High School provides its students with a rigorous college preparatory curriculum, as well as a rich extra-curricular program of activities, including team sports and clubs. This past year, Mater students were recognized on a local and national level: Three Mater High students received Honorable Mention in the Miami Herald’s Silver Knight Awards in the areas of Business, English/Literature, and Music. Two students were honored in the annual “Orgullo de Nuestra Juventud” (Pride of our Youth), a campaign sponsored by Univision 23 (WLTN) which is based on the ideal that “the future of our community lies in its youth, and those who shine brightest deserve to be recognized.”

Mater Academy High School is accredited by the Southern Association of Colleges and Schools.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUND

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

Governmental Funds

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

At the end of the fiscal year, the School’s governmental fund reported a fund balance of \$3,781,800.

Capital Assets

The School's investment in capital assets as of June 30, 2010 amounts to \$3,628,713 (net of accumulated depreciation). This investment in capital assets includes building and improvements and furniture, equipment, and textbooks.

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
REVENUES			
Program Revenues			
Capital Outlay Funding	\$1,200,000	\$1,300,000	\$ 1,300,873
Federal Sources	240,160	230,000	229,823
Lunch program	330,000	360,000	353,783
Charges for services	242,443	250,000	258,829
General Revenues			
FTE Nonspecific Revenues	8,550,000	8,550,000	8,564,909
Other Revenues	25,000	25,000	30,148
Total Revenues	<u>\$10,587,603</u>	<u>\$10,715,000</u>	<u>\$ 10,738,365</u>
CURRENT EXPENDITURES			
Instruction	\$5,440,160	\$5,330,000	\$ 5,277,962
Instructional staff training services	20,000	20,000	16,596
Board	30,000	25,000	20,771
School administration	1,200,000	1,200,000	1,175,644
Fiscal services	225,000	220,000	210,719
Food services	330,000	360,000	321,897
Central services	250,000	215,000	206,357
Operation of plant	2,625,938	2,500,000	2,413,936
Maintenance of plant	135,000	150,000	130,891
Total Current Expenditures	<u>\$10,256,098</u>	<u>\$10,020,000</u>	<u>\$ 9,774,773</u>

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

STATEMENT OF NET ASSETS
June 30, 2010

Assets

Current Assets:

Cash	\$ 4,033,267
Due from other government agencies	142,904
Due from other schools	42,592
Prepaid expenses	164,051
Deposits receivable	30,438
	<hr/>
	4,413,252

Capital assets, depreciable	6,166,559
Less accumulated depreciation	(2,537,846)
	<hr/>
	3,628,713

Total Assets \$ 8,041,965

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 70,095
Due to other schools	76,067
Accrued liabilities	485,290
	<hr/>
Total Liabilities	631,452

Net Assets:

Invested in capital assets	3,628,713
Restricted by lease agreement	536,918
Unrestricted	3,244,882
	<hr/>
Total Net Assets	7,410,513

Total Liabilities and Net Assets \$ 8,041,965

The accompanying notes are an integral part of this financial statement

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

STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

FUNCTIONS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
Instruction	\$ 5,620,103	\$ -	\$ 229,823	\$ -	(5,390,280)
Instructional media services	700	-	-	-	(700)
Instructional staff training	16,596	-	-	-	(16,596)
Board	20,771	-	-	-	(20,771)
School administration	1,181,316	-	-	-	(1,181,316)
Facilities acquisition	191,734	-	-	-	(191,734)
Fiscal services	210,719	-	-	-	(210,719)
Food services	329,252	29,165	324,618	-	24,531
Central services	206,357	-	-	-	(206,357)
Operation of Plant	2,520,003	249,082	-	1,300,873	(970,048)
Maintenance of plant	183,894	9,747	-	-	(174,147)
Total Governmental Activities	<u>10,481,445</u>	<u>287,994</u>	<u>554,441</u>	<u>1,300,873</u>	<u>(8,338,137)</u>
General revenues:					
FTE nonspecific revenues					8,564,909
Other revenue					<u>30,148</u>
Change in net assets					256,920
Net assets, beginning					<u>7,153,593</u>
Net assets, ending					<u>\$ 7,410,513</u>

The accompanying notes are an integral part of this financial statement

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

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 4,033,267	\$ -	\$ 4,033,267
Due from other government agencies	-	142,904	142,904
Due from other schools	42,592	-	42,592
Prepaid expenses	164,051	-	164,051
Due to other funds	142,904		142,904
Deposits receivable	30,438		30,438
Total Assets	<u>\$ 4,413,252</u>	<u>\$ 142,904</u>	<u>\$ 4,556,156</u>
<u>Liabilities</u>			
Accounts payable	\$ 70,095	\$ -	\$ 70,095
Due to other schools	76,067	-	76,067
Accrued liabilities	485,290	-	485,290
Due from other funds	-	142,904	142,904
Total Liabilities	<u>631,452</u>	<u>142,904</u>	<u>774,356</u>
<u>Fund balance</u>			
Reserved	536,918	-	536,918
Unreserved	3,244,882	-	3,244,882
	<u>3,781,800</u>	<u>-</u>	<u>3,781,800</u>
Total Liabilities and Fund Balance	<u>\$ 4,413,252</u>	<u>\$ 142,904</u>	<u>\$ 4,556,156</u>

The accompanying notes are an integral part of this financial statement

MATER ACADEMY 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, 2010

Total Fund Balance - Governmental Funds \$ 3,781,800

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

Capital assets of \$6,166,559 net of accumulated depreciation of \$2,537,846 used in governmental activities are not financial resources and therefore are not reported in the fund.

3,628,713

Total Net Assets - Governmental Activities

\$ 7,410,513

The accompanying notes are an integral part of this financial statement

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2010

	Special Revenue		Total
	General Fund	Fund	Governmental Funds
Revenues:			
State passed through local	\$ 8,564,909	\$ -	\$ 8,564,909
State capital outlay funding	-	1,300,873	1,300,873
Federal grants	-	229,823	229,823
Federal lunch program	-	324,618	324,618
Student lunch fees	-	29,165	29,165
Usage fees charged	258,829	-	258,829
Other revenue	30,148	-	30,148
Total Revenues	<u>8,853,886</u>	<u>1,884,479</u>	<u>10,738,365</u>
Expenditures:			
Current			
Instruction	5,048,139	229,823	5,277,962
Instructional staff training services	16,596	-	16,596
Board	20,771	-	20,771
School administration	1,175,644	-	1,175,644
Fiscal services	210,719	-	210,719
Food services	-	321,897	321,897
Central services	206,357	-	206,357
Maintenance of plant	130,891	-	130,891
Operation of Plant	1,113,063	1,300,873	2,413,936
Capital outlay:			
Other capital outlay	721,215	-	721,215
Total Expenditures	<u>8,643,395</u>	<u>1,852,593</u>	<u>10,495,988</u>
Excess of Revenues Over Expenditures	210,491	31,886	242,377
Other financing sources			
Transfers in and (out)	31,886	(31,886)	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	242,377	-	242,377
Fund Balance at beginning of year	3,539,423	-	3,539,423
Fund Balance at end of year	<u>\$ 3,781,800</u>	<u>\$ -</u>	<u>\$ 3,781,800</u>

The accompanying notes are an integral part of this financial statement

MATER ACADEMY 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, 2010

Change in Fund Balance - Governmental Funds \$ 242,377

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 \$721,215 differed from depreciation expense of \$706,672.

14,543

Change in Net Assets of Governmental Activities \$ 256,920

The accompanying notes are an integral part of this financial statement

MATER ACADEMY HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
Statement of Net Assets - Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	<u>293,188</u>
Total Assets	<u><u>\$ 293,188</u></u>
<u>Liabilities</u>	
Due to students and clubs	<u>293,188</u>
Total Liabilities	<u>\$ 293,188</u>
<u>Net assets</u>	<u><u>\$ -</u></u>

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

Note 1 – Organization and Operations

MATER ACADEMY 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, 2012 and is renewable for an additional 15 years by a mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School is considered a component unit of such District. The School is located in Hialeah Gardens, Florida serving children from ninth through twelfth grade and is funded by the District.

These financial statements are for the year ended June 30, 2010, when approximately 1,404 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.

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.

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:

Building and improvements	20 years
Furniture and equipment	3-5 Years

Revenue Sources

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

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 HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
Notes to Financial Statements
June 30, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

Subsequent Events

In accordance with GASB No. 56, the School has evaluated subsequent events and transactions for potential recognition or disclosure through August 30, 2010, which is the date the financial statements were available to be issued.

Note 3 –Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2010:

	<u>Balance 7/1/09</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Balance 6/30/10</u>
Capital Assets				
Building and improvements	\$ 1,208,813	\$ 502,676	\$ 1,019,283	\$ 2,730,772
Construction in progress	1,019,283	-	(1,019,283)	-
Furniture, equipment and textbooks	<u>3,217,247</u>	<u>218,540</u>	<u>-</u>	<u>3,435,787</u>
Total Capital Assets	5,445,343	721,216	-	6,166,559
Less Accumulated Depreciation				
Building and improvements	(195,916)	(124,708)	-	(320,624)
Furniture, equipment and textbooks	<u>(1,635,258)</u>	<u>(581,964)</u>	<u>-</u>	<u>(2,217,222)</u>
Total Accumulated Depreciation	<u>(1,831,174)</u>	<u>(706,672)</u>	<u>-</u>	<u>(2,537,846)</u>
Capital Assets, net	<u>\$ 3,614,169</u>	<u>\$ 14,544</u>	<u>\$ -</u>	<u>\$ 3,628,713</u>

Depreciation expense for the year ended June 30, 2010 was \$706,672 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 June 30, 2014, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2010, the School incurred approximately \$632,000 in management fees and approximately \$12,800 is included as a prepaid expense at year end.

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 and Treasurer

Collette Papa, Secretary

Note 5 –Transactions with Other Schools

The School's facility is shared with Mater Academy Middle School and Mater Performing Arts and Entertainment Academy (charter schools under Mater Academy, Inc.). Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment and usage of facilities and staff to these schools and other schools operated by Mater Academy, Inc. In addition, Mater Academy Middle School and Mater Performing Arts and Entertainment Academy's student activities account is recorded in the School's books.

MATER ACADEMY HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
Notes to Financial Statements
June 30, 2010

Note 5 – Transactions with Other Schools (continued)

The due from/(due to) other schools, operated by Mater Academy, Inc., consists of the following as of June 30, 2010:

School	Due from/ (Due to)
Mater Academy Middle School	\$ 38,810
Mater Performing Arts & Entertainment Academy	3,782
Total due from other schools	<u>\$ 42,592</u>
Mater Academy East Charter School	(22,759)
Mater Academy East Charter High School	(20,071)
Mater Academy Gardens	(19,316)
Mater Academy Lakes High School	(7,532)
Mater Academy of International Studies	(6,389)
Total due to other schools	<u>\$ (76,067)</u>

In addition, the School has a usage agreement with Mater Performing Arts and Entertainment Academy (a charter school under Mater Academy, Inc.) for the use of the School’s shared facilities. The School charges a flat fee based on a monthly student cost allocation ratio. The term of the agreement is through July 2013 with an option to renew annually. Total facility usage income earned during the year ending June 30, 2010 totaled \$258,829.

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, 2010, the carrying amount of the School’s deposits was \$4,033,267 and the respective bank balances totaled \$4,286,326. Out of the total bank balances, \$3,340,000 was fully collateralized by U.S. Government obligations under a repurchase agreement with Regions Bank.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Mater Academy, Inc., which also operates various other schools. All bank accounts are opened under the account ownership of Mater Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2010, bank balances in potential excess of FDIC coverage totaled \$946,326.

Note 7 – Commitments and Contingencies

The School entered into a lease and security agreement with School Development HG II, LLC for its 122,500 square feet building including all ancillary facilities, outdoor areas and other improvements. Presently, members of the landlord are also stockholders of the entity which is the sole owner of Academica Dade, LLC, the School's management company (see Note 4). This facility is shared with Mater Academy Middle School (another charter school under Mater Academy, Inc.). Initial fixed annual payments under this agreement (based on \$19.50 per square foot) are approximately \$2,388,750 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through August 2024 with an option to renew for an additional five-year term. Finally, under this agreement the School has granted a first lien on its pledged revenues, which include all revenues collected by the school from the Florida Department of Education, the District, and all other sources.

The School also entered into a lease agreement with Duke School Properties, LLC, as landlord, for an additional 33,600 square feet building where the School is located. Members of this landlord are also stockholders of the entity which is the sole owner of Academica Dade, LLC, the School's management company (see Note 4), and this facility is also shared with Mater Academy Middle School. Initial fixed annual payments under this agreement (based on \$23.75 per square foot) are approximately \$798,000 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through August 2026 with an option to renew for an additional five-year term.

Under both facility lease agreements, the School must meet certain requirements and covenants including maintaining a "Lease Payment Coverage Ratio" of not less than 1.10 to 1.00. In addition, the School is required under the terms of the lease agreements to maintain a reserve for property expenses such as repairs, maintenance, taxes and insurance equal to 5% of their gross revenues for the fiscal year. As of June 30, 2010, the required reserve was \$536,918, and reflected as restricted on the statement of net assets.

Payments for both lease agreements are allocated among the two schools based on enrollment and usage of facility. The allocation used for 2010, was approximately 56% for the School and 44% for Mater Academy Middle School.

MATER ACADEMY HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
Notes to Financial Statements
June 30, 2010

For 2010, rent expense totaled \$1,965,009, of which approximately \$1,924,000 related to the School's facility leases. Future minimum payments for both full leases (to be shared with Mater Academy Middle School) are as follows:

2011	\$3,435,000
2012	\$3,435,000
2013	\$3,435,000
2014	\$3,435,000
2015	\$3,435,000
2016-2020	\$17,175,000 (Total for five year period)
2021-2025	\$14,601,000 (Total for five year period)
2026	\$861,000

The School also has various operating leases for office equipment. Total rental payments associated with equipment for the year ended June 30, 2010 were approximately \$38,000.

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.

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 \$66,442 for the year ended June 30, 2010. 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 HIGH SCHOOL
(A charter school under Mater Academy, Inc)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2010

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Local Sources	\$ 8,550,000	\$ 8,550,000	\$ 8,564,909
Usage fees charged	242,443	250,000	258,829
Interest and other revenues	25,000	25,000	30,148
Total Revenues	<u>\$ 8,817,443</u>	<u>\$ 8,825,000</u>	<u>\$ 8,853,886</u>
EXPENDITURES			
Current:			
Instruction	\$ 5,200,000	\$ 5,100,000	\$ 5,048,139
Instructional Staff			
Training Services	20,000	20,000	16,596
Board	30,000	25,000	20,771
School Administration	1,200,000	1,200,000	1,175,644
Fiscal Services	225,000	220,000	210,719
Central Services	250,000	215,000	206,357
Operation of Plant	1,425,938	1,200,000	1,113,063
Maintenance of Plant	135,000	150,000	130,891
Community Services	-	-	-
Total Current Expenditures	<u>8,485,938</u>	<u>8,130,000</u>	<u>7,922,180</u>
Excess of Revenues Over Current Expenditures	<u>331,505</u>	<u>695,000</u>	<u>931,706</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	725,000	-	721,215
	<u>725,000</u>	<u>-</u>	<u>721,215</u>
Total Expenditures	<u>9,210,938</u>	<u>8,130,000</u>	<u>8,643,395</u>
Excess of Revenues Over Expenditures			
Other financing sources	(393,495)	695,000	210,491
Transfers in and (out)	<u>-</u>	<u>-</u>	<u>31,886</u>
Net change in fund balance	(393,495)	695,000	242,377
Fund Balance at beginning of year	<u>3,539,423</u>	<u>3,539,423</u>	<u>3,539,423</u>
Fund Balance at end of year	<u>\$ 3,145,928</u>	<u>\$ 4,234,423</u>	<u>\$ 3,781,800</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2010

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 1,200,000	\$ 1,300,000	\$ 1,300,873
Federal grants	240,160	230,000	229,823
Federal lunch program	300,000	330,000	324,618
Student lunch fees	30,000	30,000	29,165
Total Revenues	<u>\$ 1,770,160</u>	<u>\$ 1,890,000</u>	<u>\$ 1,884,479</u>
EXPENDITURES			
Current:			
Instruction	\$ 240,160	\$ 230,000	\$ 229,823
Instructional Staff			
Training Services	-	-	-
Board	-	-	-
Food Services	330,000	360,000	321,897
Operation of Plant	1,200,000	1,300,000	1,300,873
Total Current Expenditures	<u>1,770,160</u>	<u>1,890,000</u>	<u>1,852,593</u>
	<u>-</u>	<u>-</u>	<u>31,886</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,770,160</u>	<u>1,890,000</u>	<u>1,852,593</u>
Excess of Revenues Over Expenditures	-	-	31,886
Other financing sources			
Transfers in and (out)	<u>-</u>	<u>-</u>	<u>(31,886)</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 High School
Hialeah Gardens, Florida

We have audited the financial statements of Mater Academy High School (the "School") as of, and for the year ended June 30, 2010, and have issued our report thereon dated August 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 30, 2010

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

To the Board of Directors of
Mater Academy High School
Hialeah Gardens, Florida

Compliance

We have audited the compliance of Mater Academy High School with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2010. Mater Academy High School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Mater Academy High School's management. Our responsibility is to express an opinion on Mater Academy High School's compliance based on our audit.

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

In our opinion, Mater Academy High School complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal controls that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined below.

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

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

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

HUB Gravin, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2010

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major program: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number(s)	Expenditures
National School Lunch Program & School Breakfast Program	10.555, 10.553	\$321,897

Dollar threshold used to distinguish between type A and type B projects. \$ 300,000

Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS

None

SECTION IV – OTHER ISSUES

1. A management letter is required pursuant to Chapter 10.850, Rules of the Auditor General.
2. No Summary Schedule of Prior Audit Findings is required because there were no audit findings related to prior year single audit.
3. No Corrective Action Plan is required because there were no findings required to be reported under the Federal Single Audit Acts.

MANAGEMENT LETTER

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

We have audited the accompanying basic financial statements of Mater Academy High School as of and for the year ended June 30, 2010 and have issued our report thereon dated August 30, 2010.

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 30, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which 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.

Observation 1

We noted errors in the calculation of depreciation expense on capital assets purchased during the current year. The errors resulted from utilizing a depreciation report that was run on a basis that used different useful live than the useful live assigned to the assets.

Recommendation

Management should ensure that the correct report is used to record future period depreciation expense.

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 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 Gravier, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2010

Mater Academy High School

August 31, 2010

HLB Gravier, LLP
201 Alhambra Circle, Suite 901
Coral Gables, FL 33134

RE: MANAGEMENT'S RESPONSES TO AUDITOR'S RECOMMENDATION

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

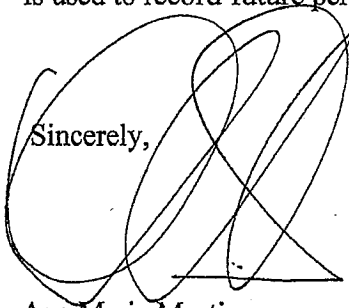
01 Recommendation –

Management should ensure that the correct report is used to record future period depreciation expense.

Management Response -

Management will follow the auditor's recommendation and ensure that the correct report is used to record future period depreciation expense.

Sincerely,

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Ana Maria Martinez
Authorized Signor for Mater Academy, Inc.