

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

Hialeah, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2010

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

2009-2010

Board of Directors

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

School Administration

Rene Rovirosa, Vice President and Principal

Other Non-voting Corporate Officers

Judith Marty, Vice President
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 Lakes High School
Hialeah, Florida

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Mater Academy Lakes High School (the "School"), a charter school under Mater Academy, Inc., which is a component unit of the District School Board of Miami-Dade County, as of, and for the year ended June 30, 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 Lakes 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 Lakes 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 24 through 25, 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 Gravier, CP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2010

Management's Discussion and Analysis
Mater Academy Lakes High School
(A Charter school Under Mater Academy, Inc.)
June 30, 2010

The corporate officers of Mater Academy Lakes High School have prepared this narrative overview and analysis of the school's financial activities for the year ended June 30, 2010.

Financial Highlights

1. The assets of the School exceeded its liabilities at June 30, 2010 by \$1,489,833 (net assets).
2. At year-end, the School had current assets on hand of \$1,359,674.
3. The net assets of the School increased by \$746,278 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 - 23 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 \$1,489,833 at the close of the fiscal year. A summary of the School’s net assets as of June 30, 2010 follows:

	2010	2009
Cash	\$ 1,168,262	\$ 666,259
Due from other governmental agencies	38,233	12,197
Due from other schools	68,457	7,631
Prepaid expenses	73,840	30,463
Deposits receivable	10,882	9,035
Capital assets	380,451	169,047
Total Assets	<u>\$ 1,740,125</u>	<u>\$ 894,632</u>
Accounts Payable and Accrued Liabilities	250,292	151,077
Total Liabilities	<u>\$ 250,292</u>	<u>\$ 151,077</u>
Invested in Capital Asset	\$ 380,451	\$ 169,047
Unrestricted	1,109,382	574,508
Total Net Assets	<u>\$ 1,489,833</u>	<u>\$ 743,555</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	\$ 314,566	\$ 221,314
Federal Sources	62,995	154,331
Lunch program	102,484	71,003
General Revenues		
Government Grants Not Restricted to		
Specific Programs	2,642,115	1,708,560
Other	952	1,460
Total Revenues	<u>\$ 3,123,112</u>	<u>\$ 2,156,668</u>
EXPENSES		
Component Unit Activities:		
Instruction	\$ 1,313,103	\$ 868,254
Instructional Staff Training Services	5,297	3,688
Board	24,095	19,920
School Administration	499,340	378,254
Facilities acquisition	17,511	192
Fiscal Services	52,824	38,752
Central Services	71,084	40,783
Food services	95,523	63,582
Pupil transportation services	18,125	-
Maintenance of Plant	22,900	15,603
Operation of Plant	257,032	434,099
Total Expenses	<u>2,376,834</u>	<u>1,863,127</u>
Increase in Net Assets	746,278	293,541
Net Assets at Beginning of Year	<u>743,555</u>	<u>450,014</u>
Net Assets at End of Year	<u>\$ 1,489,833</u>	<u>\$ 743,555</u>

The School's revenue and expenditures increased by \$966,444 and \$513,707, respectively. This is a result of an increase in student enrollments of approximately 155 students. The School had an increase in its net assets of \$746,278 for the year.

Accomplishments

In 2010, Mater Academy Lakes High School completed its fourth year of operation, and graduated its first senior class. The school's graduation rate of over 99% far exceeded the state and national average graduation rates, particularly among Hispanic students. Students of the graduating class of 2010 were accepted at several colleges throughout the state and across the country, and 15% of the graduates received scholarships.

Mater Academy Lakes High School provides its students with a rigorous college preparatory curriculum, as well as extra-curricular activities, including team sports and clubs. Most impressively, a Mater Lakes student received Honorable Mention in Science in the Silver Knight Awards. This past year, Mater Academy Lakes was 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 \$1,109,382.

Capital Assets

The School's investment in capital assets as of June 30, 2010 amounts to \$380,451 (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	\$ 238,680	\$ 300,000	\$ 314,566
Federal Sources	-	63,000	62,995
Lunch program	-	100,000	102,484
General Revenues			
FTE Nonspecific Revenues	2,371,200	2,600,000	2,642,115
Other Revenues	1,500	-	952
Total Revenues	<u>\$ 2,611,380</u>	<u>\$ 3,063,000</u>	<u>\$ 3,123,112</u>
CURRENT EXPENDITURES			
Instruction	1,060,852	1,263,000	1,253,855
Instructional staff training services	6,000	6,000	5,297
Board	25,000	25,000	24,095
School administration	450,000	515,000	499,340
Fiscal services	75,000	75,000	52,824
Food services	-	100,000	95,523
Central services	75,000	75,000	71,084
Pupil transportation services	20,000	20,000	18,125
Operation of plant	198,680	235,000	241,282
Maintenance of plant	20,000	25,000	20,699
Total Current Expenditures	<u>\$ 1,930,532</u>	<u>\$ 2,339,000</u>	<u>\$ 2,282,124</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 LAKES HIGH SCHOOL
(A charter school under Mater Academy, Inc.)

STATEMENT OF NET ASSETS
June 30, 2010

Assets

Current Assets:

Cash	\$ 1,168,262
Due from other government agencies	38,233
Due from other schools	68,457
Prepaid expenses	73,840
Deposits receivable	10,882
	<hr/>
	1,359,674

Capital assets, depreciable	561,902
Less accumulated depreciation	(181,451)
	<hr/>
	380,451

Total Assets \$ 1,740,125

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 120,662
Accrued liabilities	129,630
	<hr/>
Total Liabilities	250,292

Net Assets:

Invested in capital assets	380,451
Unrestricted	1,109,382
	<hr/>
Total Net Assets	1,489,833

Total Liabilities and Net Assets \$ 1,740,125

The accompanying notes are an integral part of this financial statement

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

STATEMENT OF ACTIVITIES
For the year ended June 30, 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	\$ 1,313,103	\$ -	\$ 62,995	\$ -	(1,250,108)
Instructional staff training	5,297	-	-	-	(5,297)
Board	24,095	-	-	-	(24,095)
School administration	499,340	-	-	-	(499,340)
Facilities acquisition	17,511	-	-	-	(17,511)
Fiscal services	52,824	-	-	-	(52,824)
Central services	71,084	-	-	-	(71,084)
Food services	95,523	15,874	86,610	-	6,961
Pupil transportation services	18,125	-	-	-	(18,125)
Maintenance of plant	22,900	-	-	-	(22,900)
Operation of Plant	257,032	-	-	314,566	57,534
Total Governmental Activities	<u>2,376,834</u>	<u>15,874</u>	<u>149,605</u>	<u>314,566</u>	<u>(1,896,789)</u>
General revenues:					
FTE nonspecific revenues					2,642,115
Other revenue					<u>952</u>
Change in net assets					746,278
Net assets, beginning					<u>743,555</u>
Net assets, ending					<u><u>\$ 1,489,833</u></u>

The accompanying notes are an integral part of this financial statement

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

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 1,168,262	\$ -	\$ 1,168,262
Due from other government agencies	-	38,233	38,233
Due from other schools	68,457	-	68,457
Prepaid expenses	73,840	-	73,840
Due from other funds	-	179,056	179,056
Deposits receivable	10,882	-	10,882
Total Assets	<u>\$ 1,321,441</u>	<u>\$ 217,289</u>	<u>\$ 1,538,730</u>
<u>Liabilities</u>			
Accounts payable	\$ 120,662	\$ -	\$ 120,662
Accrued liabilities	129,630	-	129,630
Due to other funds	179,056	-	179,056
Total Liabilities	<u>429,348</u>	<u>-</u>	<u>429,348</u>
<u>Fund balance</u>			
Unreserved	892,093	217,289	1,109,382
	<u>892,093</u>	<u>217,289</u>	<u>1,109,382</u>
Total Liabilities and Fund Balance	<u>\$ 1,321,441</u>	<u>\$ 217,289</u>	<u>\$ 1,538,730</u>

The accompanying notes are an integral part of this financial statement

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

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

For the year ended June 30, 2010

Total Fund Balance - Governmental Funds \$ 1,109,382

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

Capital assets of \$561,902 net of accumulated depreciation of \$181,451 used in governmental activities are not financial resources and therefore are not reported in the fund.

380,451

Total Net Assets - Governmental Activities

\$ 1,489,833

The accompanying notes are an integral part of this financial statement

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

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

	Special Revenue		Total
	General Fund	Fund	Governmental Funds
Revenues:			
State passed through local	\$ 2,642,115	\$ -	\$ 2,642,115
State capital outlay funding	-	314,566	314,566
Federal grants		62,995	62,995
Federal lunch program		86,610	86,610
Student lunch fees	-	15,874	15,874
Other revenue	952	-	952
Total Revenues	<u>2,643,067</u>	<u>480,045</u>	<u>3,123,112</u>
Expenditures:			
Current			
Instruction	1,190,860	62,995	1,253,855
Instructional staff training services	5,297	-	5,297
Board	24,095	-	24,095
School administration	499,340	-	499,340
Fiscal services	52,824	-	52,824
Food services	-	95,523	95,523
Central services	71,084	-	71,084
Pupil transportation services	18,125	-	18,125
Maintenance of plant	20,699	-	20,699
Operation of Plant	144,005	97,277	241,282
Capital outlay:			
Other capital outlay	306,114	-	306,114
Total Expenditures	<u>2,332,443</u>	<u>255,795</u>	<u>2,588,238</u>
Excess of Revenues Over Expenditures	310,624	224,250	534,874
Other financing sources			
Transfers in and (out)	6,961	(6,961)	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	317,585	217,289	534,874
Fund Balance at beginning of year	574,508	-	574,508
Fund Balance at end of year	<u>\$ 892,093</u>	<u>\$ 217,289</u>	<u>\$ 1,109,382</u>

The accompanying notes are an integral part of this financial statement

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

Change in Fund Balance - Governmental Funds \$ 534,874

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 \$306,114 differed from depreciation expense of \$94,710.

211,404

Change in Net Assets of Governmental Activities

\$ 746,278

The accompanying notes are an integral part of this financial statement

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

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	\$ 13,738
Total Assets	<u>\$ 13,738</u>
<u>Liabilities</u>	
Due to students and clubs	\$ 13,738
Total Liabilities	\$ 13,738
<u>Net assets</u>	<u>\$ -</u>

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

MATER ACADEMY LAKES HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 – Organization and Operations

Mater Academy Lakes High School (the "School"), is a charter school under Mater Academy, Inc., a not-for-profit corporation organized in the State of Florida. The governing body of the School is the board of directors of Mater Academy, Inc., which also governs other various charter schools. The School operates under a charter granted by the sponsoring district, the District School Board of Miami-Dade County (the "District"). The current charter expires on June 30, 2016 and is renewable for an additional 15 years by a mutual written agreement between the School and the District. During the term of the charter, the District may terminate the charter if good cause is shown. The School is considered a component unit of such District. The School's temporary location is in Hialeah, Florida for children from ninth through twelfth grades and is funded by the District.

These financial statements are for the year ended June 30, 2010, when approximately 430 students were enrolled for the school year.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

MATER ACADEMY LAKES HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

MATER ACADEMY LAKES HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Cash

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

Due from Other Governments or Agencies

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

Capital Assets

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

Furniture and Equipment	5 Years
Building and Improvements	20 Years
Textbooks	3 Years

Revenue Sources

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

MATER ACADEMY LAKES HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

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

Compensated Absences

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

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

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

Income Taxes

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

Use of Estimates

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

MATER ACADEMY LAKES HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 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 period ended June 30, 2010:

	<u>Balance 7/1/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/10</u>
Capital Assets				
Building and improvements	\$ 7,690	\$ 162,895	\$ -	\$ 170,585
Furniture, equipment and textbooks	248,098	143,219	-	391,317
Total Capital Assets	<u>255,789</u>	<u>306,114</u>	-	<u>561,902</u>
Less Accumulated Depreciation				
Building and improvements	(191)	(16,334)		(16,525)
Furniture, equipment and textbooks	(86,550)	(78,376)	-	(164,926)
Total Accumulated Depreciation	<u>(86,741)</u>	<u>(94,710)</u>	-	<u>(181,451)</u>
Capital Assets, net	<u>\$ 169,048</u>	<u>\$ 211,403</u>	<u>\$ -</u>	<u>\$ 380,451</u>

Depreciation expense for the period ended June 30, 2010 was \$94,710 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, 2011, 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 \$194,000 in management fees, of which approximately \$29,000 were payable at year end.

MATER ACADEMY LAKES HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 4 –Management Agreement (continued)

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

Mater Academy, Inc. operates various charter schools. In the prior year, the School's facility was located in the premises of Mater Academy Gardens. As of June 30, 2010, the School had accounts receivable due from Mater Academy Gardens, Mater Academy Gardens Middle School, Mater Academy Lakes Middle School, and Mater Academy High School for \$29,853, \$14,622, \$16,450, and \$7,532, respectively.

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 \$1,182,000 and the respective bank balances totaled \$1,255,515. Out of the total bank balances, \$1,190,000 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 charter 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 \$65,515.

MATER ACADEMY LAKES HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 – Commitments and Contingencies

During 2010, the School entered into a lease and security agreement with Galloway Lake, LLC for its 55,731 square feet facility including all ancillary facilities, outdoor areas and other improvements. This agreement is effective August 1, 2010. 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 will be shared with Mater Academy Lakes Middle School (a charter school under Mater Academy, Inc.). Initial fixed annual payments under this agreement (based on \$23.75 per square foot) will be approximately \$1,323,611 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through July 31, 2030 with an option to renew for an additional five-year term. Under the agreement, the School must meet certain covenants and requirements, including a "Lease Payment Coverage Ratio" of not less than 1.10 to 1.00.

On June 26, 2009, the School entered into an operating lease for modular equipment for approximately \$9,035 per month. The lease expires on June 26, 2012 with no provision for renewal. Payments under both leases will be allocated among the two schools net of enrollment period discounts based on enrollment and usage of facility.

For 2010, rent expense totaled \$158,649, out which approximately \$98,000 related to the modular lease. During 2010, no amounts were incurred under the lease with Galloway Lake, LLC and land was provided for the modulares at no charge. Future minimum payments for the full leases before enrollment period discounts (to be shared with Mater Academy Lakes Middle School) are as follows:

<u>Year</u>	
2011	\$1,321,730
2012	\$1,360,011
2013	\$1,400,811
2014	\$1,442,835
2015	\$1,485,790
2016-2020	\$7,428,951 (for the five-year term)
2021-2025	\$7,428,951 (for the five-year term)
2026-2030	\$7,428,951 (for the five-year term)

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

MATER ACADEMY LAKES HIGH SCHOOL
(A charter school under Mater Academy, Inc.)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 \$7,273 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 Lakes High School
(A charter school under Mater Academy, Inc)

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

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Local Sources	\$ 2,371,200	\$ 2,600,000	\$ 2,642,115
Interest and other revenues	1,500	-	952
Total Revenues	<u>\$ 2,372,700</u>	<u>\$ 2,600,000</u>	<u>\$ 2,643,067</u>
EXPENDITURES			
Current:			
Instruction	\$ 1,060,852	\$ 1,200,000	\$ 1,190,860
Instructional Staff			
Training Services	6,000	6,000	5,297
Board	25,000	25,000	24,095
School Administration	450,000	515,000	499,340
Fiscal Services	75,000	75,000	52,824
Central Services	75,000	75,000	71,084
Pupil Transportation	20,000	20,000	18,125
Operation of Plant	60,000	135,000	144,005
Maintenance of Plant	20,000	25,000	20,699
Total Current Expenditures	<u>1,791,852</u>	<u>2,076,000</u>	<u>2,026,329</u>
Excess of Revenues Over Current Expenditures	<u>580,848</u>	<u>524,000</u>	<u>616,738</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	160,000	290,000	306,114
	<u>160,000</u>	<u>290,000</u>	<u>306,114</u>
Total Expenditures	<u>1,951,852</u>	<u>2,366,000</u>	<u>2,332,443</u>
Excess of Revenues Over Expenditures	420,848	234,000	310,624
Other financing sources			
Transfers in and (out)	-	-	6,961
Net change in fund balance	420,848	234,000	317,585
Fund Balance at beginning of year	<u>1,409</u>	<u>177,160</u>	<u>574,508</u>
Fund Balance at end of year	<u>\$ 422,257</u>	<u>\$ 411,160</u>	<u>\$ 892,093</u>

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

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

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 238,680	\$ 300,000	\$ 314,566
Federal grants	-	63,000	62,995
Federal lunch program	-	85,000	86,610
Student lunch fees	-	15,000	15,874
Total Revenues	<u>\$ 238,680</u>	<u>\$ 463,000</u>	<u>\$ 480,045</u>
EXPENDITURES			
Current:			
Instruction	-	63,000	62,995
Instructional Staff			
Training Services	-	-	-
Board	-	-	-
Food Services	-	100,000	95,523
Operation of Plant	138,680	100,000	97,277
Total Current Expenditures	<u>138,680</u>	<u>263,000</u>	<u>255,795</u>
	<u>100,000</u>	<u>200,000</u>	<u>224,250</u>
Debt Service:			
Redemption of Principal	-	-	-
Capital Outlay:			
Other Capital Outlay	100,000	-	-
	<u>100,000</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>238,680</u>	<u>263,000</u>	<u>255,795</u>
Excess of Revenues Over Expenditures	-	200,000	224,250
Other financing sources			
Transfers in and (out)			(6,961)
Net change in fund balance	-	200,000	217,289
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 217,289</u>

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

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

We have audited the financial statements of the governmental activities and each major fund of Mater Academy Lakes High School (the "School") as of, and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements, and have issued our report thereon dated August 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

HLB Grewer, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2010

MANAGEMENT LETTER

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

We have audited the accompanying basic financial statements of Mater Academy Lakes High School as of and for the year ended June 30, 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.

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 Grenier, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
August 30, 2010