



iMater Preparatory Academy High School

(A charter school under
Mater Academy, Inc.)
W/L# 7090

Hialeah, Florida

Financial Statements and
Independent Auditors' Report
June 30, 2019

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iMater Preparatory Academy High School
(A charter school under Mater Academy, Inc.)
W/L# 7090

651 West 20th Street
Hialeah, Florida 33010

2018-2019

Board of Directors

Cesar Christian Crousilliant, Board Chair, Director
Shannie Sadesky, Vice Chair, Director
Idalia Suarez, Secretary, Director
Javier Jerez, Student Alumni Representative, Director
Maurene Sotero Balmaseda, Student Alumni Representative, Director

School Administration

Teresa Santalo, Principal

Other Non-voting Corporate Officers

Roberto Blanch, President



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
iMater Preparatory Academy High School
Hialeah, Florida

We have audited the accompanying financial statements of the governmental activities and each major fund of iMater Preparatory Academy High School (the "School"), a charter school under Mater Academy, Inc., as of, and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of iMater Preparatory Academy High School as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of iMater Preparatory Academy High School as of June 30, 2019, 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. These financial statements do not purport to and do not present fairly the financial position of Mater Academy, Inc. as of June 30, 2019 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 31 through 33 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2019 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* is considering the School's internal control over financial reporting and compliance.



Coral Gables, Florida
September 10, 2019

CERTIFIED PUBLIC ACCOUNTANTS

Management's Discussion and Analysis
iMater Preparatory Academy High School
(A Charter School Under Mater Academy, Inc.)
June 30, 2019

The corporate officers of Mater Academy Inc. have prepared this narrative overview and analysis of the iMater Preparatory Academy High School's financial activities for the fiscal year ended June 30, 2019.

Financial Highlights

1. The net position of the School at June 30, 2019 was \$3,624,338.
2. At year-end, the School had current assets on hand of \$3,158,347
3. The net position of the School increased by \$675,239 during the year.
4. The unassigned fund balance at year end was \$2,536,286.

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, 2019 are presented in accordance with GASB Codification Section 2200. 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 Position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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 10-11 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 major governmental funds. A budgetary comparison statement has been provided for its major governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 12 - 16 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 17 – 30 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position 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 \$3,624,338 at the close of the fiscal year. A summary of the School's net position as of June 30, 2019 and 2018 follows:

	2019	2018
Cash and cash equivalents	\$ 309,437	\$ 265,722
Investments	2,640,000	2,100,000
Prepaid expenses	115,300	85,912
Due from other agencies	93,610	19,867
Capital Assets, net	814,145	908,288
Total Assets	3,972,492	3,379,789
Deferred outflows of resources	-	-
Salaries and wages payable	278,945	210,543
Accounts Payable	62,047	187,110
Due to fiduciary fund	7,162	-
Due to other divisions of Mater Academy, Inc.	-	33,037
Total Liabilities	348,154	430,690
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	814,145	908,288
Unrestricted	2,810,193	2,040,811
Total Net Position	\$ 3,624,338	\$ 2,949,099

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

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 539,706	\$ 420,935
Capital Outlay Funding	777,655	357,401
Local capital improvements revenue	-	195,965
Lunch Program	328,293	285,841
Charges for Services	3,268	2,956
General Revenues		
Local Sources (FTE and other non specific)	6,080,044	5,189,484
Other Revenues	96,486	28,398
Total Revenues	<u>\$ 7,825,452</u>	<u>\$ 6,480,980</u>
 EXPENSES		
Instruction	\$ 3,414,964	\$ 2,699,477
Student support services	122,039	138,679
Instructional staff training	28,674	22,456
Board	59,737	168,150
School administration	629,556	578,633
Fiscal services	138,175	119,550
Food services	280,224	200,535
Central services	163,454	135,428
Operation of plant	2,208,196	1,689,879
Maintenance of plant	80,570	72,766
Administrative technology services	24,624	288
Total Expenses	<u>7,150,213</u>	<u>5,825,841</u>
Increase in Net Position	675,239	655,139
Net Position at Beginning of Year	2,949,099	2,293,960
Net Position at End of Year	<u>\$ 3,624,338</u>	<u>\$ 2,949,099</u>

The School's revenue and expenditures increased by \$1,344,472 and \$1,324,372, respectively, as a result of an increase in student enrollment resulting in increases in FTE revenues. The School had an increase in its net position of \$675,239 for the year.

Accomplishments

In 2019, iMater Preparatory Academy High School completed its 6th year of operations, serving 920 students in grades 9-12. The school earned a grade of "A" for the second year in a row under the State of Florida Accountability Program and expects to show significant gains for the 2019-2020 school year.

iMater Academy High School is nestled in the heart of the City of Hialeah in a newly constructed, state-of-the-art facility featuring modern technology. The school's proximity to colleges and universities such as Miami Dade's Hialeah Campus, St. Thomas University and Florida International University, gives students convenient access to participate in dual enrollment courses and earn college credits in a higher education setting. The Dual Enrollment Program allows students to earn an Associate of Arts degree in conjunction with their high school diploma. iMater Academy High School held its fourth commencement ceremony, with a 95% graduation rate.

Through collaborative teaching and a powerful learning environment, students at iMater are encouraged to develop meaningful interactions across the visual and performing arts. In addition to offering a broad curriculum, iMater encourages students to become well-rounded scholars by participating in service learning and extracurricular activities. The school offers a variety of varsity and junior varsity sports, clubs, and activities.

Some of their accomplishments are listed below:

- GSA President, Steven Bartumeu, was named Safe Schools of South Florida Leader of the Year.
- Scientific Research students placed first in the Fairchild Challenge out of 54 schools.
- Partnered with NASA to conduct authentic botanical research by determining which edible plants might be suitable for growth in microgravity aboard the International Space Station's plant growth facility.
- Scientific Research and Communication students featured on Univision's segment, "Planeta Vision" highlighting their extensive research on biofuels.
- Robotics students ranked 46 out of 762 teams and qualified for the State Championship.
- Named a double "A" school.
- Excellent ratings for our thespians at District Competitions.
- Internationally recognized Italian visual artist, Diego Santanelli, worked with our students to create contemporary art pieces.
- Hosted an in-house PD with over 800 teachers and 22 different schools where many of the presenters were our very own.
- Hosted the McDonald's HACER Scholarship education panel.
- Collectively donated over 100 pints of blood, 1000 diapers, 150 toys, and over 100 hunger bags.
- Hosted a Quinceanera Ball where 15 of our own students from low income families were made to feel like real-life princesses for an evening, thanks to the generosity of our local sponsors.
- Boys 4 x 400 Relay Track Team were District Champions.

As a member of the Mater Academy network of high-quality charter schools, iMater Preparatory Academy High School is fully accredited by AdvancED under the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS-CASI) division.

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, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$2,651,586. The fund balance unassigned and available for spending at the School's discretion is \$2,536,286. These funds will be available for the School's future ongoing operations.

School Location

During 2018-2019, the School continued to operate from its facilities located at 651 W 20th Street, and 701 W 20th Street in Hialeah, Florida.

Capital Improvement Requirements

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

Capital Assets

The School's investment in capital assets as of June 30, 2019 amounts to \$814,145 (net of accumulated depreciation). This investment in capital assets includes building and improvements and furniture, equipment, and textbooks. The School had no outstanding debt associated to capital assets at year end.

Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
State capital outlay funding	\$ 776,500	\$ 777,700	\$ 777,655
Federal sources	816,500	852,585	854,358
General Revenues			
FTE and other nonspecific revenues	6,102,664	6,079,406	6,080,044
Charges and other revenues	141,500	112,705	113,395
Total Revenues	<u>\$ 7,837,164</u>	<u>\$ 7,822,396</u>	<u>\$ 7,825,452</u>
CURRENT EXPENDITURES			
Instruction	\$ 3,257,050	\$ 3,198,020	\$ 3,194,137
Student support services	139,231	124,067	122,039
Instructional staff training	10,000	28,975	28,674
Board	59,650	61,422	59,737
School administration	518,257	631,913	629,556
Fiscal services	139,950	137,981	137,981
Food services	300,000	271,619	269,428
Central services	162,450	163,925	163,454
Operation of plant	2,144,509	2,145,915	2,145,771
Maintenance of plant	91,700	79,000	78,500
Administrative technology services	25,000	25,444	24,624
Total Current Expenditures	<u>\$ 6,847,797</u>	<u>\$ 6,868,281</u>	<u>\$ 6,853,901</u>

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

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, 6340 Sunset Drive, Miami, Florida 33143.

iMater Preparatory Academy High School
(A charter school under Mater Academy, Inc.)

Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 309,437
Investments	2,640,000
Prepaid expenses	115,300
Due from other agencies	93,610
Total Current Assets	<u>3,158,347</u>
Capital assets, depreciable	1,800,572
Less: accumulated depreciation	<u>(986,427)</u>
	<u>814,145</u>
Total Assets	<u>3,972,492</u>
<u>Deferred Outflows of Resources</u>	
	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	278,945
Due to fiduciary fund	7,162
Accounts payable	62,047
Total Liabilities	<u>348,154</u>
<u>Deferred Inflows of Resources</u>	
	<u>-</u>
<u>Net Position</u>	
Net investment in capital assets	814,145
Unrestricted	2,810,193
Total Net Position	<u>\$ 3,624,338</u>

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

iMater Preparatory Academy High School
(A charter school under Mater Academy, Inc.)

Statement of Activities
For the year ended June 30, 2019

FUNCTIONS	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 3,414,964	\$ -	\$ 509,194	\$ -	\$ (2,905,770)
Student support services	122,039	-	-	-	(122,039)
Instructional staff training	28,674	-	-	-	(28,674)
Board	59,737	-	-	-	(59,737)
School administration	629,556	-	11,000	-	(618,556)
Fiscal services	138,175	-	-	-	(138,175)
Food services	280,224	13,641	314,652	-	48,069
Central services	163,454	-	-	-	(163,454)
Operation of plant	2,208,196	3,268	-	777,655	(1,427,273)
Maintenance of plant	80,570	-	19,512	-	(61,058)
Administrative technology services	24,624	-	-	-	(24,624)
Total governmental activities	7,150,213	16,909	854,358	777,655	(5,501,291)
General revenues:					
FTE and other nonspecific revenues					6,080,044
Interest and other revenue					96,486
Change in net position					675,239
Net position , beginning					2,949,099
Net position, ending					\$ 3,624,338

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

iMater Preparatory Academy High School
(A charter school under Mater Academy, Inc.)

Balance Sheet - Governmental Funds
June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 150,830	\$ 158,607	\$ -	\$ 309,437
Investments	2,640,000	-	-	2,640,000
Due from other agencies	-	42,894	50,716	93,610
Due from fund	93,610	-	-	93,610
Prepaid expenses	115,300	-	-	115,300
Total Assets	<u>2,999,740</u>	<u>201,501</u>	<u>50,716</u>	<u>3,251,957</u>
<u>Deferred Outflows of Resources</u>				
	-	-	-	-
<u>Liabilities</u>				
Salaries and wages payable	278,945	-	-	278,945
Accounts payable	62,047	-	-	62,047
Due to fiduciary fund	7,162	-	-	7,162
Due to fund	-	42,894	50,716	93,610
Total Liabilities	<u>348,154</u>	<u>42,894</u>	<u>50,716</u>	<u>441,764</u>
<u>Deferred Inflows of Resources</u>				
	-	-	-	-
<u>Fund balance</u>				
Nonspendable, not in spendable form	115,300	-	-	115,300
Assigned	-	158,607	-	158,607
Unassigned	2,536,286	-	-	2,536,286
	<u>2,651,586</u>	<u>158,607</u>	<u>-</u>	<u>2,810,193</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,999,740</u>	<u>\$ 201,501</u>	<u>\$ 50,716</u>	<u>\$ 3,251,957</u>

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

iMater Preparatory Academy High School
(A charter school under Mater Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2019

Total Fund Balance - Governmental Funds \$ 2,810,193

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

Capital assets of \$1,800,572 net of accumulated depreciation of \$986,427 used in governmental activities are not financial resources and therefore are not reported in the fund. 814,145

Total Net Position - Governmental Activities \$ 3,624,338

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

iMater Preparatory Academy High School
(A charter school under Mater Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
State capital outlay funding	\$ -	\$ -	\$ 777,655	\$ 777,655
State passed through local	6,080,044	-	-	6,080,044
Federal sources	-	854,358	-	854,358
Charges for services and other revenue	99,754	13,641	-	113,395
Total Revenues	6,179,798	867,999	777,655	7,825,452
Expenditures:				
Current				
Instruction	2,695,798	498,339	-	3,194,137
Student support services	122,039	-	-	122,039
Instructional staff training	28,674	-	-	28,674
Board	59,737	-	-	59,737
School administration	618,556	11,000	-	629,556
Fiscal services	137,981	-	-	137,981
Food services	-	269,428	-	269,428
Central services	163,454	-	-	163,454
Operation of plant	1,368,116	-	777,655	2,145,771
Maintenance of plant	78,500	-	-	78,500
Administrative technology services	24,624	-	-	24,624
Capital Outlay:				
Other capital outlay	202,169	-	-	202,169
Total Expenditures	5,499,648	778,767	777,655	7,056,070
Excess of revenues over expenditures	680,150	89,232	-	769,382
Transfers in (out)	30,367	(30,367)	-	-
Net change in fund balance	710,517	58,865	-	769,382
Fund Balance at beginning of year	1,941,069	99,742	-	2,040,811
Fund Balance at end of year	\$ 2,651,586	\$ 158,607	-	\$ 2,810,193

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

iMater Preparatory Academy High School
(A charter school under Mater Academy, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2019

Net Change in Fund Balance - Governmental Funds \$ 769,382

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 \$202,169 exceeded depreciation expense of \$296,312

(94,143)

Change in Net Position of Governmental Activities \$ 675,239

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

iMater Preparatory Academy High School
(A charter school under Mater Academy, Inc.)

Statement of Net Position - Fiduciary Funds
June 30, 2019

Assets

Cash	\$	101,563
Due from general fund		7,162
		<hr/>
Total Assets		108,725

Deferred Outflows of Resources

-

Liabilities

Due to students and clubs		108,725
		<hr/>
Total Liabilities		108,725

Deferred Inflows of Resources

-

Net Position

\$ -

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

iMater Preparatory Academy High School (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The School's charter is held by Mater Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Mater Academy, Inc., which is composed of five members and also governs other charter schools. The board of directors has determined that no component unit exists that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expires on June 30, 2022 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Hialeah, Florida for students from ninth through twelfth grade. These financial statements are for the year ended June 30, 2019, when on average 920 students were enrolled for the school year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal inter-fund activity has been eliminated from these financial statements. 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, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not included with program revenues are reported as general revenues.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

Fund financial statements are provided for governmental funds and fiduciary funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds with all non-major funds aggregated in a single column:

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 lunch program and other grants and contributions that are legally restricted to expenditures for particular purposes.

Capital Projects Fund – accounts for state and local capital outlay as authorized by Charter School Capital Outlay, Section 1013.62, Florida Statutes mainly for capital outlay and maintenance purposes.

Additionally, the School reports separately the following fiduciary fund types:

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) *Codification of Accounting and Financial Reporting Guidance*.

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.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, 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 liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

Note 1 – Summary of Significant Accounting Policies (continued)

Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. 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.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School has adopted GASB Codification Section 3100 *Fair Value Measurement and Application* (see Note 2).

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Note 1 – Summary of Significant Accounting Policies (continued)

Inter-fund Transfers

Inter-fund receivables/payables (“due from/to”) are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies relate to grants or programs for 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 position 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 a 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:

Improvements	5-20 Years
Furniture and equipment	5 Years
Vehicles	5 Years
Textbooks	3 Years

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to receive one day per month 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. Employees may “cash out” unused sick days, however, 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 maintain a minimum of twenty-one unused days in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

Note 1 – Summary of Significant Accounting Policies (continued)

GASB Codification Section C60, *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 compensated absences 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.

Revenue Sources

Revenues for current operations are received primarily from state through 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 FEFP.

Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance Classification

Government-wide financial statements

Equity is classified as net position and displayed in three components:

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) Nonspendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- b) Restricted – this classification includes fund balance category amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. There are no restricted fund balances at year end.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. The balance assigned pertains to the National School Lunch Program.
- e) Unassigned – portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Note 1 – Summary of Significant Accounting Policies (continued)

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as unassigned fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

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.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 10, 2019, which is the date the financial statements were available to be issued.

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash, Cash Equivalents and Investments

Deposits

The School maintains its cash and cash equivalents in two financial institutions. As of June 30, 2019, the School's deposits consisted of cash balances of \$316,813.

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, 2019, bank balances in potential excess of FDIC coverage was approximately \$418,000; including fiduciary account bank balances.

Note 2 – Cash, Cash Equivalents and Investments (continued)

Investments

The School categorizes its fair value measurements within the fair value hierarchy established by GASB Codification Section 3100 *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

At June 30, 2019, the School has the following recurring fair value measurements:

- Government money market mutual fund of \$3,180,000 (Level 2 inputs).

The government money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of July 31, 2019, the fund's annual report, maturities of the fund's portfolio holdings are approximately 81% within 30 days.

Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's.

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2019, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

iMater Preparatory Academy High School
(A Charter School under Mater Academy, Inc.)
Notes to Financial Statements
June 30, 2019

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, 2019:

	Balance 07/01/18	Additions	Reclassification	Balance 06/30/19
Capital assets, non-depreciable:				
Construction in progress	\$ 275,476	\$ -	\$ (275,476)	\$ -
Capital assets, depreciable:				
Buildings and Improvements	\$ 13,596	\$ 54,812	\$ 275,476	343,884
Computer equipment and software	466,467	4,407	-	470,874
Furniture, equipment and textbooks	772,544	142,950	-	915,494
Motor vehicles	70,320	-	-	70,320
Total Capital Assets, depreciable	<u>\$ 1,322,927</u>	<u>\$ 202,169</u>	<u>\$ 275,476</u>	<u>\$ 1,800,572</u>
Total Capital Assets	<u>\$ 1,598,403</u>	<u>\$ 202,169</u>	<u>\$ -</u>	<u>\$ 1,800,572</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$ (5,377)	\$ (17,292)	\$ -	\$ (22,669)
Computer equipment and software	(217,522)	(90,585)	-	(308,107)
Furniture, equipment, and textbooks	(446,021)	(174,371)	-	(620,392)
Motor vehicles	(21,195)	(14,064)	-	(35,259)
Total Accumulated Depreciation	<u>(690,115)</u>	<u>(296,312)</u>	<u>-</u>	<u>(986,427)</u>
Capital Assets, net	<u>\$ 908,288</u>	<u>\$ (94,143)</u>	<u>\$ -</u>	<u>\$ 814,145</u>

For the fiscal year ended June 30, 2019, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	220,827
Food services		10,796
Fiscal services		194
Maintenance of plant		2,070
Operation of plant		62,425
Total Depreciation Expense	<u>\$</u>	<u>296,312</u>

Note 4 –Education Service and Support Provider

Academica Dade, LLC, an educational service and support provider, offers 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, financial reporting, and virtual education services. The agreement calls for a fee on a per student basis.

Note 4 –Education Service and Support Provider (continued)

The agreement is with Mater Academy, Inc. through June 30, 2021, and unless terminated by the board shall be renewed along with any renewals to the charter agreement.

During the year ended June 30, 2019, the School incurred \$413,775 in fees related to this agreement.

Note 5 –Transactions With Other Divisions of Mater Academy, Inc.

For 2019, the School's facility was shared with iMater Academy Middle School (a charter school 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. As of June 30, 2019, the School had a due to iMater Academy Middle School of \$15,054 related to these allocations.

Mater Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. iMater Preparatory Academy High School paid Mater Academy, Inc. approximately \$183,900 in connection with these charges during the year.

During 2019, the School paid approximately \$3,535 to Mater Virtual Academy, a private virtual instruction provider operated by Mater Academy, Inc., for the use of its education technology.

On April 1, 2013, Mater Academy, Inc. (the subtenant) entered into a space sublease agreement with Mater Academy Foundation Inc., as sublandlord. Mater Academy Foundation, Inc. is the tenant under a master lease agreement with Hialeah School Development, LLC (the "Landlord"). Mater Academy Foundation, Inc. is a not-for-profit supporting organization of Mater Academy, Inc. under Section 509(a)(3) of the Internal Revenue Code. The Landlord is an affiliate of the School's educational services provider (See Note 4).

The charter school facility consists of approximately 80,000 rentable square feet.

The term of this sublease agreement is through July 31, 2033 with an option to renew for an additional five-year term (subject to the master lease agreement extension). Initial fixed annual rent payments under this agreement (based on \$19.80 per square foot) are approximately \$1,584,000 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance.

Note 6 – Commitments, Contingencies, and Concentrations

Under the sublease agreement, the Mater Academy, Inc. must meet certain requirements and covenants including maintaining a “Lease Payment Coverage Ratio” of not less than 1.10 to 1.00.

Payments under the sublease agreement are allocated between the School and iMater Academy Middle School based on enrollment and usage of facility. The allocation used for 2019, was approximately 52.5% for the School and 47.5% for iMater Academy Middle School.

For 2019, rent expense under this agreement totaled \$905,887.

Future minimum payments under the sublease (to be shared with iMater Academy Middle School) are as follows:

<u>Year</u>		
2020	\$1,714,763	
2021	\$1,714,763	
2022	\$1,714,763	
2023	\$1,714,763	
2024	\$1,714,763	
2025-2029	\$8,573,815	(total for five-year period)
2030-2033	\$6,859,052	(total for four-year period)

In August 2016, the board of Mater Academy, Inc. approved a resolution where iMater Preparatory Academy High School and iMater Academy Middle School will occupy the facilities located at 620 W. 20 Street, Hialeah, FL. In order to expand and improve the facilities, Mater Academy, Inc. purchased land and constructed an Annex that is adjacent to and part of the facilities of iMater Preparatory Academy High School and iMater Mater Academy Middle School. The agreement calls for a reasonable rent of \$572,000 per annum which shall be adjusted annually based on Consumer Price Index (CPI). Rent should be apportioned between the School’s based on the number of student stations each School uses. The allocation used for 2019, was approximately 52.5% for the School and 47.5% for iMater Academy iMiddle School. This agreement has no maturity date.

For 2019, the School paid \$307,253 in relation to the above described agreement.

On May 1, 2017, Mater Academy, Inc. entered into a lease agreement with Hialeah School Development 2, LLC (the “Landlord”) for its 20,000 square foot charter school facility. The landlord is an affiliate of the School’s education service and support provider (see Note 4).

Note 6 – Commitments, Contingencies, and Concentrations (continued)

The term of this lease agreement continues through June 30, 2037 with an option to renew for two additional five-year terms. Initial fixed annual rent payments under this agreement (based on \$18.00 per square foot) are approximately \$360,000 plus additional property costs including repairs, maintenance and insurance. After the second year, the initial fixed rent shall be adjusted annually based on the Consumer Price Index (CPI). For the initial two year period July 1, 2017 – June 30, 2019 an enrollment period discount to be netted against fixed rent shall be granted by landlord as follows:

<u>Period</u>	<u>Enrollment Period Discount</u>
July 1, 2017 - June 30, 2018	\$144,000
July 1, 2018 - June 30, 2019	\$72,000

Under the agreement, Mater Academy, Inc. must meet certain requirements and covenants including maintaining a “Lease Payment Coverage Ratio” of not less than 1.10 to 1.00.

Payments under the lease agreement are allocated between the School and iMater Academy Middle School based on enrollment and usage of facility. The allocation used for 2019, was approximately 52.5% for the School and 47.5% for iMater Academy Middle School.

For 2019, rent expense under this agreement totaled \$152,187.

Future minimum payments under the sublease (to be shared with iMater Academy Middle School) are as follows:

<u>Year</u>		
2020	\$	360,000
2021	\$	360,000
2022	\$	360,000
2023	\$	360,000
2024	\$	360,000
2025-2029	\$	1,800,000 (total for five-year period)
2030-2034	\$	1,800,000 (total for five-year period)
2035-2037	\$	1,080,000 (total for three-year period)

Note 6 – Commitments, Contingencies, and Concentrations (continued)

Contingencies and Concentrations

The School receives substantially all of its funding from the state through the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2019, administrative fees withheld by the School District totaled \$81,334.

Note 7 – Inter-fund Transfer

Inter-fund transfers in governmental funds as of June 30, 2019 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
Reimbursement from Restart Grant for prior period expenditures	\$ 19,512	\$ (19,512)	\$ -
Reimbursement from Temporary Impact Aid Grant for prior period expenditures	10,855	(10,855)	-
Total Transfers, net	<u>\$ 30,367</u>	<u>\$ (30,367)</u>	<u>\$ -</u>
Due to General Fund from Capital Projects Fund for capital outlay	\$ 50,716	\$ -	\$ (50,716)
Due to General Fund from Special Revenue Fund for Title IV	23,382	(23,382)	-
Due to General Fund from Special Revenue Fund for Restart Grant	19,512	(19,512)	-
Total Due from/(Due to)	<u>\$ 93,610</u>	<u>\$ (42,894)</u>	<u>\$ (50,716)</u>

Note 8 – Risk Management

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

The School has entered into a strategic relationship with ADP TotalSource Group, Inc., a human resource management firm, typically known as “Professional Employer Organization” (PEO). Under a co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

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 matches 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$52,854 for the year ended June 30, 2019. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

REQUIRED SUPPLEMENTARY INFORMATION

iMater Preparatory 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, 2019

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 6,102,664	\$ 6,079,406	\$ 6,080,044
Charges for services and other revenue	125,000	99,705	99,754
Total Revenues	<u>6,227,664</u>	<u>6,179,111</u>	<u>6,179,798</u>
EXPENDITURES			
Current:			
Instruction	2,740,550	2,698,020	2,695,798
Student support services	139,231	124,067	122,039
Instructional staff training	10,000	28,975	28,674
Board	59,650	61,422	59,737
School administration	508,257	620,413	618,556
Fiscal services	139,950	137,981	137,981
Central services	162,450	163,925	163,454
Operation of plant	1,368,009	1,368,215	1,368,116
Maintenance of plant	91,700	79,000	78,500
Administrative technology services	25,000	25,444	24,624
Total Current Expenditures	<u>5,244,797</u>	<u>5,307,462</u>	<u>5,297,479</u>
Excess of Revenues Over Current Expenditures	<u>982,867</u>	<u>871,649</u>	<u>882,319</u>
Capital Outlay	<u>206,000</u>	<u>202,500</u>	<u>202,169</u>
Total Expenditures	<u>5,450,797</u>	<u>5,509,962</u>	<u>5,499,648</u>
Excess of Revenues Over Expenditures	776,867	669,149	680,150
Other financing sources (uses):			
Transfers in (out)	<u>6,500</u>	<u>82,466</u>	<u>30,367</u>
Net change in fund balance	783,367	751,615	710,517
Fund Balance at beginning of year	<u>1,941,069</u>	<u>1,941,069</u>	<u>1,941,069</u>
Fund Balance at end of year	<u>\$ 2,724,436</u>	<u>\$ 2,692,684</u>	<u>\$ 2,651,586</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

iMater Preparatory 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, 2019

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 816,500	\$ 852,585	\$ 854,358
Charges for services and other revenue	16,500	13,000	13,641
Total Revenues	<u>833,000</u>	<u>865,585</u>	<u>867,999</u>
EXPENDITURES			
Current:			
Instruction	516,500	500,000	498,339
School administration	10,000	11,500	11,000
Food services	300,000	271,619	269,428
Total Current Expenditures	<u>826,500</u>	<u>783,119</u>	<u>778,767</u>
Excess of Revenues Over Current Expenditures	<u>6,500</u>	<u>82,466</u>	<u>89,232</u>
Capital Outlay	-	-	-
Total Expenditures	<u>826,500</u>	<u>783,119</u>	<u>778,767</u>
Excess of Revenues Over Expenditures	6,500	82,466	89,232
Other financing sources (uses)			
Transfers in (out)	<u>(6,500)</u>	<u>(82,466)</u>	<u>(30,367)</u>
Net change in fund balance	-	-	58,865
Fund Balance at beginning of year	<u>99,742</u>	<u>99,742</u>	<u>99,742</u>
Fund Balance at end of year	<u>\$ 99,742</u>	<u>\$ 99,742</u>	<u>\$ 158,607</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

iMater Preparatory 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, 2019

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 776,500	\$ 777,700	\$ 777,655
Total Revenues	<u>776,500</u>	<u>777,700</u>	<u>777,655</u>
EXPENDITURES			
Current:			
Operation of Plant	776,500	777,700	777,655
Total Current Expenditures	<u>776,500</u>	<u>777,700</u>	<u>777,655</u>
Excess of Revenues Over Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay	-	-	-
Total Expenditures	<u>776,500</u>	<u>777,700</u>	<u>777,655</u>
Excess of Revenues Over Expenditures	-	-	-
Other financing sources (uses) Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</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>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



INDEPENDENT AUDITORS' 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*

To the Board of Directors of
iMater Preparatory Academy High School
Hialeah, Florida

We have audited, 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., the financial statements of the governmental activities and each major fund of iMater Preparatory Academy High School (the "School"), as of, and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that were reported in a separate management letter dated September 10, 2019 pursuant to Chapter 10.850, Rules of the Auditor General.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 10, 2019



MANAGEMENT LETTER

Board of Directors of
iMater Preparatory Academy High School
Hialeah, Florida

Report on the Financial Statements

We have audited the financial statements of iMater Preparatory Academy High School as of and for the year ended June 30, 2019 and have issued our report thereon dated September 10, 2019.

Auditor's Responsibility

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.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 10, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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.

Refer to Status of Prior Year Findings and Recommendations below

Official Title

Section 10.854.(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is iMater Preparatory Academy High School, (W/L# 7090).

Financial Condition and Management

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not iMater Preparatory Academy High School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that iMater Preparatory Academy High School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for iMater Preparatory Academy High School. It is management's responsibility to monitor iMater Preparatory Academy High School's 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.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have the following recommendation:

ML – 19-01 CAPITAL ASSETS

Criteria: The School is required to maintain an inventory of capital assets purchased with public funds in accordance with local, state or federal regulations.

Condition: We noted that the School does not have a formal process for reconciling the capital assets inventory report to the capital assets of the Schools trial balance.

Cause: The condition results from school personnel not consistently performing an inventory of all fixed assets and reconciling to the Schools trial balance.

Effect: Failure to perform the procedures mentioned above could result in a misstated Annual Property Inventory.

**Recom-
mendation:** We recommend that the School perform an annual inventory of all capital assets and reconcile to the capital asset ledgers recorded on the School's books.

**Views of-
Responsible
Officials:** Management will adhere to auditor's recommendation. The ESSP is assisting the schools with identifying the proper support to ensure schools are in full compliance with inventory requirements.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether iMater Preparatory Academy High School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In Connection with our audit, we determined that iMater Preparatory Academy High School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, require us to communicate noncompliance with provisions of 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Status of Prior Year Findings and Recommendations

ML – 18-01 INTERNAL ACCOUNT DEPOSITS

Criteria: The School designed and implemented an internal control system to reduce the risk of misappropriation of assets and/or cash receipts by establishing a general policy regarding the collection of money as detailed in the School’s “Internal Accounts – Policies and Procedures” handbook.

Condition: We noted the following: from our sample a number of 11 deposits were missing receipts for cash collections of over \$15.

Cause: This condition results from school personnel not consistently adhering to the policies and procedures regarding the collection of money as detailed in the handbook.

Effect: Failure to perform the procedures mentioned above could result in misappropriation of cash collected.

**Recom-
mendation:** We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all cash received over \$15 dollars is issued a receipt. In addition, we recommend the School’s treasurer and staff accepting cash receipts be provided additional internal account training to ensure compliance with these policies.

Status: Based on the results of our audit procedures performed in the current year, we noted that from our sample there were no receipts missing for collections over \$15. Therefore, our recommendation was properly implemented.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, School Board of Miami-Dade County, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in blue ink that reads "HLB Gravis, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 10, 2019