



Mater Academy East Charter High School  
(A charter school under  
Mater Academy, Inc.)  
W/L# 7037

Financial Statements and  
Independent Auditors' Report  
June 30, 2019

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Mater Academy East Charter High School  
(A charter school under Mater Academy, Inc.)  
W/L# 7037

998 SW 1<sup>st</sup> Street  
Miami, FL 33130

2018-2019

Board of Directors

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

School Administration

Jenny Aguirre, Principal  
Beatriz Riera, Executive Director

Other Non-voting Corporate Officers

Roberto Blanch, President



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Mater Academy East Charter High School  
Miami, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mater Academy East Charter 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.

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***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mater Academy East Charter 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 Mater Academy East Charter 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 8 and 27 through 28 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* in 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**  
Mater Academy East Charter 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 Mater Academy East Charter 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 \$554,969.
2. At year-end, the School had current assets on hand of \$413,022.
3. The net position of the School increased by \$72,198 during the year.
4. The unassigned fund balance at year end was \$260,310.

**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 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 - 14 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 15 – 26 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, the net position was \$554,969 at the close of the fiscal year. A summary of the School's net position as of June 30, 2019 and 2018 is as follows:

	2019	2018
Cash and cash equivalents	\$ 50,810	\$ 181,024
Investments	210,000	150,000
Prepaid expenses	45,422	40,727
Due from other agencies	20,599	3,989
Deposits receivable	2,438	2,438
Due from other divisions of Mater Academy, Inc.	83,753	289,825
Capital Assets, net	286,799	346,278
<b>Total Assets</b>	<b>699,821</b>	<b>1,014,281</b>
<b>Deferred outflows of resources</b>	-	-
Accounts Payable and Accrued Liabilities	104,852	88,943
Due to other charter schools	40,000	442,567
<b>Total Liabilities</b>	<b>144,852</b>	<b>531,510</b>
<b>Deferred inflows of resources</b>	-	-
<b>Net Position:</b>		
Net investment in capital assets	286,799	346,278
Unrestricted	268,170	136,493
<b>Total Net Position</b>	<b>\$ 554,969</b>	<b>\$ 482,771</b>

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 June 30, 2018 is as follows:

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Program Revenues		
Operating Grants and Contributions	\$ 132,602	\$ 187,000
Capital Grants and Contributions	122,280	117,446
Lunch Program	108,520	109,706
General Revenues		
Local Sources (FTE and other non specific)	1,371,647	1,655,109
Other Revenues	<u>665,564</u>	<u>416,968</u>
<b>Total Revenues</b>	<u>\$ 2,400,613</u>	<u>\$ 2,486,229</u>
 <b>EXPENSES</b>		
Instruction	\$ 860,343	\$ 1,071,232
Student support services	-	1,070
Instructional staff training	-	5,487
Board	23,936	21,475
School administration	234,275	227,871
Fiscal services	30,300	35,500
Food services	143,400	142,662
Central services	57,844	63,269
Operation of plant	832,115	800,270
Maintenance of plant	135,239	128,893
Administrative technology services	10,963	-
<b>Total Expenses</b>	<u>2,328,415</u>	<u>2,497,729</u>
Increase (decrease) in Net Position	<u>72,198</u>	<u>(11,500)</u>
Net Position at Beginning of Year	482,771	494,271
Net Position at End of Year	<u>\$ 554,969</u>	<u>\$ 482,771</u>

The School's revenues and expenses decreased by \$85,616 and \$169,314, as a result of a decrease in student enrollment. The School had an increase its net position of \$72,198 for the year.

### **Capital Improvement Requirements and School Location**

The School maintains a continuous capital improvements program to enhance facilities and update fixtures and equipment as required. For the 2018-2019 year, the school continued to operate from its facility located at 998 SW 1<sup>st</sup> Street in Miami, Florida 33130.

### **Accomplishments**

In 2019, Mater Academy East High School completed its 12<sup>th</sup> year of operation, enrolling 200 students in grades 9-12. The school earned a grade of "A" under the State of Florida Accountability Program, outperforming the surrounding public high schools.

Mater Academy East High School has earned several national recognitions including ranking among "America's Best High Schools" in *U.S. News and World Report* for five years in a row and *Newsweek's* "Beating the Odds," which recognizes schools that help economically disadvantaged students overcome obstacles. The high school's Academy of Finance has been named a "Distinguished Academy" by the National Academy Foundation,



making it one of the few public charter schools in the nation to achieve the Foundation's highest level of distinction.

Students at Mater East High have been recognized for their outstanding achievements:

- The school's graduation rate of over 98% surpassed district, state, and national averages
- Graduates were accepted to over 20 different colleges throughout the nation including the University of Pennsylvania, University of Miami, University of Florida, Emerson College, and University of Central Florida
- Over 50 seniors participated in clubs and organizations affiliated to the Academy of Finance such as DECA.
- More than \$1 million in scholarships and financial assistance were awarded to the Class of 2018.
- The school's grade in 2019 went from a "B" to an "A"

Mater Academy East High participated concurrently with Mater Academy East Middle in various community service projects and fundraisers with organizations such as American Cancer Society, Amigos for Kids, The American Heart Association, Making Strides, Publix Supermarkets, and McDonald's.

Students also participated in clubs and team sports including the Chess Club, National Honor Society (NHS), Southeastern Consortium of Minorities in Engineering (SECME), Delta Epsilon Chi and Distributive Education Clubs of America (DECA), the Art Club, Yearbook club, and Florida Future Educators of America (FFEA). Students also participated in school-based productions such as the Hispanic Heritage Festival, Holiday Show, Student Live Art Auction Event, and the End of the Year Show.

As a member of the Mater Academy network of high-quality charter schools, Mater Academy East Charter 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 \$308,170. The fund balance unassigned and available for spending at the School’s discretion is \$260,310. These funds will be available for the School’s future ongoing operations.

**Capital Assets**

The School’s investment in capital assets as of June 30, 2019 amounts to \$ 286,799 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment. The School has no outstanding debt associated to capital assets.

**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
<b>REVENUES</b>			
Program Revenues			
Capital grants and contributions	\$ 127,140	\$ 122,982	\$ 122,280
Federal sources	340,000	238,800	240,035
Lunch fees	9,000	1,000	1,087
General Revenues			
FTE and other nonspecific revenues	1,486,560	1,370,314	1,371,647
Charges and other revenues	644,639	725,706	726,267
Total Revenues	<u>\$ 2,607,339</u>	<u>\$ 2,458,802</u>	<u>\$ 2,461,316</u>
<b>CURRENT EXPENDITURES</b>			
Instruction	\$ 976,229	\$ 791,872	\$ 791,222
Instructional staff training	8,000	-	-
Board	49,175	24,500	23,936
School administration	237,472	238,641	234,275
Fiscal services	36,675	30,300	30,300
Food services	193,000	138,800	135,880
Central services	78,694	62,300	57,844
Operation of plant	836,200	826,955	823,845
Maintenance of plant	140,000	128,000	123,073
Administrative technology services	36,675	14,065	10,963
Total Current Expenditures	<u>\$ 2,592,120</u>	<u>\$ 2,255,433</u>	<u>\$ 2,231,338</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.

Mater Academy East Charter High School  
(A charter school under Mater Academy, Inc.)

Statement of Net Position  
June 30, 2019

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Current assets:	
Cash and cash equivalents	\$ 50,810
Investments	210,000
Prepaid expenses	45,422
Due from other agencies	20,599
Due from other divisions of Mater Academy, Inc.	83,753
Deposits receivable	2,438
	<u>413,022</u>
Capital assets, non-depreciable	20,709
Capital assets, depreciable	992,004
Less: accumulated depreciation	(725,914)
	<u>286,799</u>
Total Assets	<u>699,821</u>
<b><u>Deferred Outflows of Resources</u></b>	
	<u>-</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	50,462
Salaries and wages payable	54,390
	<u>104,852</u>
Due to other divisions of Mater Academy, Inc, long term	40,000
Total Liabilities	<u>144,852</u>
<b><u>Deferred Inflows of Resources</u></b>	
	<u>-</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	286,799
Unrestricted	268,170
Total Net Position	<u>\$ 554,969</u>

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

Mater Academy East Charter High School  
(A charter school under Mater Academy, Inc.)

Statement of Activities  
For the year ended June 30, 2019

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 860,343	\$ -	\$ 124,373	\$ -	\$ (735,970)
Board	23,936	-	-	-	(23,936)
School administration	234,275	-	-	-	(234,275)
Fiscal services	30,300	-	-	-	(30,300)
Food services	143,400	1,087	107,433	-	(34,880)
Central services	57,844	-	-	-	(57,844)
Operation of plant	832,115	-	-	122,280	(709,835)
Maintenance of plant	135,239	-	8,229	-	(127,010)
Administrative technology services	10,963	-	-	-	(10,963)
<b>Total governmental activities</b>	<b>2,328,415</b>	<b>1,087</b>	<b>240,035</b>	<b>122,280</b>	<b>(1,965,013)</b>
General revenues:					
FTE and other nonspecific revenues					1,371,647
Interest and other revenue					665,564
Change in net position					72,198
Net position, beginning					482,771
Net position, ending					\$ 554,969

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

Mater Academy East Charter High School  
(A charter school under Mater Academy, Inc.)

Balance Sheet - Governmental Funds  
June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund (Non-Major)	Total Governmental Funds
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 50,810	\$ -	\$ -	\$ 50,810
Investments	210,000	-	-	210,000
Due from other agencies	-	13,402	7,197	20,599
Due from fund	20,599	-	-	20,599
Prepaid expenses	45,422	-	-	45,422
Due from other divisions of Mater Academy, Inc.	83,753	-	-	83,753
Deposits receivable	2,438	-	-	2,438
Total Assets	<u>413,022</u>	<u>13,402</u>	<u>7,197</u>	<u>433,621</u>
<b><u>Deferred Outflows of Resources</u></b>				
	-	-	-	-
<b><u>Liabilities</u></b>				
Salaries and wages payable	54,390	-	-	54,390
Accounts payable	50,462	-	-	50,462
Due to fund	-	13,402	7,197	20,599
Total Liabilities	<u>104,852</u>	<u>13,402</u>	<u>7,197</u>	<u>125,451</u>
<b><u>Deferred Inflows of Resources</u></b>				
	-	-	-	-
<b><u>Fund balance</u></b>				
Nonspendable, not in spendable form	47,860	-	-	47,860
Unassigned	260,310	-	-	260,310
	<u>308,170</u>	<u>-</u>	<u>-</u>	<u>308,170</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 413,022</u>	<u>\$ 13,402</u>	<u>\$ 7,197</u>	<u>\$ 433,621</u>

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

Mater Academy East Charter 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

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Total Fund Balance - Governmental Funds \$ 308,170

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

Capital assets of \$1,012,713 net of accumulated depreciation of \$725,914 used in governmental activities are not financial resources and therefore are not reported in the fund. 286,799

Long term liabilities in governmental activities were not due and payable in the current period and therefore are not reported in the governmental funds. (40,000)

Total Net Position - Governmental Activities \$ 554,969

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

Mater Academy East Charter 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 (Non-Major)	Total Governmental Funds
<b>Revenues:</b>				
State capital outlay funding	\$ -	\$ -	\$ 122,280	\$ 122,280
State passed through local	1,371,647	-	-	1,371,647
Federal sources	-	240,035	-	240,035
Charges for services and other revenue	726,267	1,087	-	727,354
<b>Total Revenues</b>	<b>2,097,914</b>	<b>241,122</b>	<b>122,280</b>	<b>2,461,316</b>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	666,849	124,373	-	791,222
Board	23,936	-	-	23,936
School administration	234,275	-	-	234,275
Fiscal services	30,300	-	-	30,300
Food services	-	135,880	-	135,880
Central services	57,844	-	-	57,844
Operation of plant	701,565	-	122,280	823,845
Maintenance of plant	123,073	-	-	123,073
Community Services	10,963	-	-	10,963
<b>Capital Outlay:</b>				
Other capital outlay	98,301	-	-	98,301
<b>Total Expenditures</b>	<b>1,947,106</b>	<b>260,253</b>	<b>122,280</b>	<b>2,329,639</b>
Excess (deficit) of revenues over expenditures	150,808	(19,131)	-	131,677
<b>Other financing sources (uses)</b>				
Transfers in (out)	(19,131)	19,131	-	-
Net change in fund balance	131,677	-	-	131,677
Fund Balance at beginning of year	176,493	-	-	176,493
Fund Balance at end of year	\$ 308,170	\$ -	\$ -	\$ 308,170

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

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

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Net Change in Fund Balance - Governmental Funds \$ 131,677

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 \$98,301 differed from depreciation expense of \$97,077. 1,224

Governmental funds recognize revenues when they are available and measurable. These are insurance claim proceeds received during the current period as reimbursement for previously capitalized major repair costs. (60,703)

Change in Net Position of Governmental Activities \$ 72,198

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



## **Note 1 – Summary of Significant Accounting Policies**

### Reporting Entity

Mater Academy East Charter 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, 2032 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 Miami, Florida for students from ninth through twelfth grade. These financial statements are for the year ended June 30, 2019, when on average 200 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 interfund 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. 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 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 revenues, such as federal lunch program and other grants that are legally restricted to expenditures for particular purposes.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *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. 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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

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 financial 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.

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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

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 costs 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	10-20 Years
Furniture and equipment	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.

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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Revenue Sources

Revenues for current operations are received primarily from the 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 reports 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.

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."

**Note 1 – Summary of Significant Accounting Policies (continued)**

*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. There are no assigned fund balances at year end.
- 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.

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.

## **Note 1 – Summary of Significant Accounting Policies (continued)**

### 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 \$38,754.

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 \$38,754.

### 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 \$210,000 valued using 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, 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.

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

*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.

**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	Retirements	Balance 06/30/19
Capital Assets:				
Construction in progress	\$ 20,709	\$ -	\$ -	\$ 20,709
Buildings and Improvements	191,569	8,723	(60,703)	139,589
Computer equipment and software	282,883	76,530	-	359,413
Furniture, equipment and textbooks	479,954	13,048	-	493,002
Total Capital Assets	<u>\$ 975,115</u>	<u>\$ 98,301</u>	<u>\$ (60,703)</u>	<u>\$ 1,012,713</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$ (34,892)	\$ (19,204)	\$ -	\$ (54,096)
Computer equipment and software	(179,573)	(41,455)	-	(221,028)
Furniture, equipment and textbooks	(414,372)	(36,418)	-	(450,790)
Total Accumulated Depreciation	<u>(628,837)</u>	<u>(97,077)</u>	<u>-</u>	<u>(725,914)</u>
Capital Assets, net	<u>\$ 346,278</u>	<u>\$ 1,224</u>	<u>\$ (60,703)</u>	<u>\$ 286,799</u>

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

Instruction	\$	69,121
Food services		7,520
Maintenance of plant		12,166
Operation of plant		8,270
Total Depreciation Expense	<u>\$</u>	<u>97,077</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.

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 \$90,900 in fees related to this agreement, all of which were refunded to the School and recorded as an in-kind contribution.

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

For 2019, the School’s facility was shared with Mater Academy East Middle School. 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 a result of such transactions, the School may have a due to or from Mater Academy East Middle School at year end.

Mater Academy East High School received funds for the Federal lunch program for all the schools in this campus, as listed above. Revenues and expenses related to such program have been allocated to each school based on FTE equivalent for purposes of presentation in the financial statements. In addition, Mater Academy East Middle School held the student activities internal fund of the School.

Program Fees

Mater Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. Mater Academy East Charter High School paid Mater Academy, Inc. approximately \$40,400 in connection with these charges during the year.

Recoverable Grant

During the year ended June 30, 2019, the School received a \$650,000 recoverable grant from Mater Academy, Inc. The purpose of the grant is for the School to fund operating expenses. Under the terms of the grant, the School would repay Mater Academy, Inc. in the event the School experiences a surplus of its operating budget for any period ending on June 30, following the execution of the agreement. The maximum the School may be required to pay in the future should the School meet the requirements for repayment is \$939,825, including prior period grants.

**Note 5 – Transactions With Other Divisions of Mater Academy, Inc. (continued)**

The School has received long term, non-interest bearing advances from Mater Academy, Inc. The following represents changes in long term debt during the year.

	Balance 07/01/18	Additions	Deletions	Balance 06/30/19
Mater Academy, Inc	\$ 40,000	\$ -	\$ -	\$ 40,000
Total Long Term Advances	\$ 40,000	\$ -	\$ -	\$ 40,000

**Note 6 – Commitments, Contingencies, and Concentrations**

Mater Academy, Inc. has entered into a lease and security agreement with 990 Building, LLC for its 31,621 square feet facility including outdoor areas and other improvements. The landlord is an affiliate of the School’s education services provider (See Note 4). Annual payments under this agreement are adjusted annually by any increases in the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through June 30, 2035 with two options to renew for additional five-year periods.

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

Payments for the lease agreement are allocated among the schools based on enrollment and usage of facility. The allocation used for 2019, was approximately 60% for the School and 40% for Mater Academy East Middle School. For 2019, rent expense totaled \$591,152.

Current future minimum payments for the full lease agreement (to be shared with Mater Academy East Middle School) are as follows:

<u>Year</u>	
2020	\$1,019,890
2021	\$1,019,890
2022	\$1,019,890
2023	\$1,019,890
2024	\$1,019,890
2025-2029	\$5,099,450 (total for five-year period)
2030-2034	\$5,099,450 (total for five-year period)
2035	\$1,019,890

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

Contingencies and Concentrations

The School receives substantially all of its funding from the state through 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 \$64,856.

**Note 7 – Interfund Transfers**

Interfund transfers in governmental funds as of June 30, 2019 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund deficits in the federal lunch program	\$ (27,360)	\$ 27,360	\$ -
Reimbursement from Federal RESTART Grant for prior period expenditures	8,229	(8,229)	-
Total Transfers, net	<u>\$ (19,131)</u>	<u>\$ 19,131</u>	<u>\$ -</u>
Due to General Fund from Capital Projects Fund for Capital Outlay	\$ 7,197	\$ -	\$ (7,197)
Due to General Fund from Special Revenue Fund for RESTART Grant	8,229	(8,229)	-
Due to General Fund from Special Revenue Fund for Title IV	5,173	(5,173)	-
Total Due from/(Due to) Funds	<u>\$ 20,599</u>	<u>\$ (13,402)</u>	<u>\$ (7,197)</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, 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”), for the 2018-2019 school year the School matched of 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$8,857 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

Mater Academy East Charter 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
<b>REVENUES</b>			
State passed through local	\$ 1,486,560	\$ 1,370,314	\$ 1,371,647
Charges and other revenue	644,639	725,706	726,267
Total Revenues	<u>2,131,199</u>	<u>2,096,020</u>	<u>2,097,914</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	820,229	666,872	666,849
Instructional Staff Training	8,000	-	-
Board	49,175	24,500	23,936
School Administration	237,472	238,641	234,275
Fiscal Services	36,675	30,300	30,300
Central Services	78,694	62,300	57,844
Operation of Plant	709,060	703,973	701,565
Maintenance of Plant	140,000	128,000	123,073
Community Services	36,675	14,065	10,963
Total Current Expenditures	<u>2,115,980</u>	<u>1,868,651</u>	<u>1,848,805</u>
Excess of Revenues Over Current Expenditures	<u>15,219</u>	<u>227,369</u>	<u>249,109</u>
Capital Outlay	50,000	100,000	98,301
Total Expenditures	<u>2,165,980</u>	<u>1,968,651</u>	<u>1,947,106</u>
Excess (deficit) of Revenues Over Expenditures	(34,781)	127,369	150,808
Other financing sources (uses):			
Transfers in (out)	-	(24,000)	(19,131)
Net change in fund balance	(34,781)	103,369	131,677
Fund Balance at beginning of year	<u>176,493</u>	<u>176,493</u>	<u>176,493</u>
Fund Balance at end of year	<u>\$ 141,712</u>	<u>\$ 279,862</u>	<u>\$ 308,170</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.

Mater Academy East Charter 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 Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Federal sources	\$ 340,000	\$ 238,800	\$ 240,035
Charges for services	9,000	1,000	1,087
Total Revenues	<u>349,000</u>	<u>239,800</u>	<u>241,122</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	156,000	125,000	124,373
Food services	193,000	138,800	135,880
Total Current Expenditures	<u>349,000</u>	<u>263,800</u>	<u>260,253</u>
Deficit of Revenues Over Current Expenditures	<u>-</u>	<u>(24,000)</u>	<u>(19,131)</u>
Capital Outlay	-	-	-
Total Expenditures	<u>349,000</u>	<u>263,800</u>	<u>260,253</u>
Deficit of Revenues Over Expenditures	-	(24,000)	(19,131)
Other financing sources (uses)			
Transfers in (out)	-	24,000	19,131
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
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

Board of Directors of  
Mater Academy East Charter High School  
Miami, 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, each major fund, and the aggregate remaining fund information of Mater Academy East Charter 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 opinion 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 issued 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 10, 2019



## MANAGEMENT LETTER

Board of Directors of  
Mater Academy East Charter High School  
Miami, Florida

### **Report on the Financial Statements**

We have audited the financial statements of Mater Academy East Charter High School as of and for the fiscal 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; and Chapter 10.850, Rules of the Auditor General.

### **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.

There were no findings and recommendations made in the preceding audit report.

### **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: Mater Academy East Charter High School (W/L# 7037)

## **Financial Condition and Management**

Section 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 Mater Academy East Charter High School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Mater Academy East Charter 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 Mater Academy East Charter High School. It is management's responsibility to monitor Mater Academy East Charter 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 communicate any recommendation 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 even through this inventory is maintained, 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 School 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 Mater Academy East Charter 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 Mater Academy East Charter High School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

## **Additional Other Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires 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.

## **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 Gravier, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 10, 2019