



**Mater Academy St. Cloud**  
**WL# 0202**  
(A Charter School under Mater Academy Central, Inc.)

St. Cloud, Florida

Financial Statements and  
Independent Auditors' Report

June 30, 2019

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**Mater Academy St. Cloud**  
(A charter school under Mater Academy, Inc.)  
W/L# 4037  
1925 Nora Tyson Road  
St. Cloud, Florida

**2018-2019**

Board of Directors

Cesar Christian Crousillat, Board Chair, Director  
Shannie Sadesky, Vice-Chair, Director  
Idalia Suarez, Secretary, Director  
Maurene Sotero Balmaseda, Director

School Administration

Victoria Singh, Principal

Other Non-voting Corporate Officers

Roberto Blanch, Esq., President



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Mater Academy St. Cloud  
St. Cloud, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mater Academy St. Cloud (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, each major fund, and the aggregate remaining fund information of Mater Academy St. Cloud, 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 St. Cloud 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 Central, Inc. These financial statements do not purport to and do not present fairly the financial position of Mater Academy Central, 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 28 through 29 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 20, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 20, 2019

**Management's Discussion and Analysis**  
Mater Academy St. Cloud  
(A Charter school Under Mater Academy Central, Inc.)  
June 30, 2019

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

**Financial Highlights**

1. The net position of the School at June 30, 2019 was \$3,240.
2. At year-end, the School had current assets on hand of \$597,533.
3. The School had an increase in its net position of \$3,240 for the year ended June 30, 2019.
4. The unassigned fund balance at year end was \$472,650.

**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 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. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its general and other major governmental funds. A budgetary comparison statement has been provided for the general and other major governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 11 – 15 of this report.

*Notes to Financial Statements*

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

The notes to the financial statements can be found on pages 16-27 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, net position was \$3,240 at the close of the fiscal year. A summary of the School's net position as of June 30, 2019 is as follows:

	2019
Cash and cash equivalents	\$ 124,286
Investments	430,000
Prepaid expenses	26,561
Due from other agencies	16,686
Deposits receivable	14,100
Capital assets, net	586,289
<b>Total Assets</b>	<b>1,197,922</b>
<b>Deferred outflows of resources</b>	<b>-</b>
Accounts payable and accrued liabilities	98,322
Line of credit payable to financial institution	1,096,360
<b>Total Liabilities</b>	<b>1,194,682</b>
<b>Deferred inflows of resources</b>	<b>-</b>
<b>Net Position:</b>	
Net investment in capital assets	187,557
Unrestricted	(184,317)
<b>Total Net Position</b>	<b>\$ 3,240</b>

At the end of the 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 year ended June 30, 2019 is as follows:

	<u>2019</u>
<b>REVENUES</b>	
Program Revenues	
Operating grants and contributions	\$ 226,557
Capital outlay funding	45,839
Charges for services	6,531
General Revenues	
Local sources (FTE and other non specific)	656,187
Other revenues	735,542
<b>Total Revenues</b>	<u>\$ 1,670,656</u>
<b>EXPENSES</b>	
Instruction	\$ 472,265
Student support services	5,464
Instructional staff training	5,082
Board	20,478
General administration	260
School administration	251,217
Fiscal services	16,819
Food services	21,947
Central services	116,787
Student transportation services	64,245
Operation of plant	626,922
Maintenance of plant	63,702
Community Services	2,228
<b>Total Expenses</b>	<u>1,667,416</u>
Increase in Net Position	3,240
Net Position at Beginning of Year	<u>-</u>
Net Position at End of Year	<u>\$ 3,240</u>

The current year was the first year of operations of the School.

### **School Location and Lease of Facility**

The School leases a facility located at 1925 Nora Tyson Road, St. Cloud, Florida.

### **Capital Improvement Requirements**

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

### **School Enrollment**

This past year was the first year of operations, the School had on average 94 students enrolled in kindergarten through sixth grade.



## **Achievements**

In 2019, Mater Academy at St. Cloud completed its first year of operation, serving 98 students in Osceola County, FL. The school earned a letter grade of “C” under the State of Florida Accountability Program and expects to make significant learning gains in the following years.

Mater St. Cloud’s opening in August of 2018 marked Mater’s third school in Osceola County. The school currently serves K-6 and expects to serve a full K-8 slate.

Mater Academy at St. Cloud will create a thirst for knowledge in all disciplines; kindle the art of thinking and serve as a springboard for lifelong learning; and deliver and enrich every student with a sense of purpose, a belief in their own efficacy, and a commitment to the common good.

The school aims to provide all students with a viable educational choice that offers a safe, supportive, and dynamic learning environment, cultivating relationships among all stakeholders to ensure that the students acquire and master the necessary skills and knowledge for success in college. The school’s educational program is aligned to innovative learning methods and established research-based practices that have proven successful in raising student learning and achievement in Mater schools.

Mater St. Cloud will prepare students for college through an enhanced focus on Project Lead the Way’s STEM curriculum, Robotics, and a Positive Behavior Intervention and Support System (PBIS) Character Education program.

As a member of the Mater Academy network of high quality charter schools, Mater Academy at St. Cloud 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 \$499,211. The fund balance unassigned and available for spending at the School’s discretion is \$472,650. 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 \$586,289 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and computer equipment. As of June 30, 2019, the School had \$1,096,360 of long-term debt associated to its capital assets and working capital.

## Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
State capital outlay funding	\$ 38,500	\$ 46,050	\$ 45,839
Federal sources	250,000	225,000	226,557
General Revenues			
FTE nonspecific revenues	647,470	655,820	656,187
Charges and other revenues	700,000	741,330	742,073
Total Revenues	<u>1,635,970</u>	<u>1,668,200</u>	<u>1,670,656</u>
<b>CURRENT EXPENDITURES</b>			
Instruction	468,841	439,965	438,486
Student support services	5,000	6,000	5,464
Instructional staff training	6,888	5,500	5,082
Board	26,372	24,025	20,478
General administration	1,000	300	260
School administration	135,338	236,405	233,763
Fiscal services	11,550	13,500	16,819
Food services	3,000	3,000	2,568
Central services	94,550	119,100	116,787
Student transportation services	50,000	60,000	64,245
Operation of plant	961,448	679,988	612,511
Maintenance of plant	90,000	65,000	63,702
Community Services	2,500	2,500	2,228
Total Current Expenditures	<u>\$ 1,856,487</u>	<u>\$ 1,655,283</u>	<u>\$ 1,582,393</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 Broward, LLC, 6340 Sunset Drive, Miami, Florida 33143.

Mater Academy St. Cloud  
(A charter school under Mater Academy Central, Inc.)

Statement of Net Position  
June 30, 2019

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and cash equivalents	\$ 124,286
Investments	430,000
Prepaid expenses	26,561
Due from other agencies	16,686
Total current assets	<u>597,533</u>
Capital assets, depreciable	685,412
Less: accumulated depreciation	<u>(99,123)</u>
	586,289
Deposits receivable	<u>14,100</u>
Total Assets	<u>\$ 1,197,922</u>
 <u>Deferred Outflows of Resources</u>	 <u>-</u>
 <u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	\$ 30,851
Accounts payable	67,471
Total current liabilities	<u>98,322</u>
Line of credit payable to financial institution	<u>1,096,360</u>
Total Liabilities	<u>1,194,682</u>
 <u>Deferred Inflows of Resources</u>	 <u>-</u>
 <u>Net Position</u>	
Net investment in capital assets	187,557
Unrestricted	<u>(184,317)</u>
Total Net Position	<u>\$ 3,240</u>

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

Mater Academy St. Cloud  
(A charter school under Mater Academy Central, 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	\$ 472,265	\$ -	\$ 226,557	\$ -	\$ (245,708)
Student support services	5,464	-	-	-	(5,464)
Instructional staff training	5,082	-	-	-	(5,082)
Board	20,478	-	-	-	(20,478)
General administration	260	-	-	-	(260)
School administration	251,217	-	-	-	(251,217)
Fiscal services	16,819	-	-	-	(16,819)
Food services	21,947	-	-	-	(21,947)
Central services	116,787	-	-	-	(116,787)
Student transportation services	64,245	-	-	-	(64,245)
Operation of plant	626,922	1,298	-	45,839	(579,785)
Maintenance of plant	63,702	-	-	-	(63,702)
Community Services	2,228	5,233	-	-	3,005
<b>Total governmental activities</b>	<b>1,667,416</b>	<b>6,531</b>	<b>226,557</b>	<b>45,839</b>	<b>(1,388,489)</b>

General revenues:

FTE and other nonspecific revenues	656,187
Other revenue	735,542

Change in net position 3,240

Net position, beginning	-
Net position, ending	\$ 3,240

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

Mater Academy St. Cloud  
(A charter school under Mater Academy Central, 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	\$ 124,286	\$ -	\$ -	\$ 124,286
Investments	430,000	-	-	430,000
Due from other agencies	-	9,652	7,034	16,686
Due from fund	16,686	-	-	16,686
Prepaid expenses	26,561	-	-	26,561
Total Assets	<u>597,533</u>	<u>9,652</u>	<u>7,034</u>	<u>614,219</u>
<b><u>Deferred Outflows of Resources</u></b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Liabilities</u></b>				
Salaries and wages payable	30,851	-	-	30,851
Accounts payable	67,471	-	-	67,471
Due to fund	-	9,652	7,034	16,686
Total Liabilities	<u>98,322</u>	<u>9,652</u>	<u>7,034</u>	<u>115,008</u>
<b><u>Deferred Inflows of Resources</u></b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Fund balance</u></b>				
Nonspendable, not in spendable form	26,561	-	-	26,561
Unassigned	472,650	-	-	472,650
	<u>499,211</u>	<u>-</u>	<u>-</u>	<u>499,211</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 597,533</u>	<u>\$ 9,652</u>	<u>\$ 7,034</u>	<u>\$ 614,219</u>

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

Mater Academy St. Cloud  
(A charter school under Mater Academy Central, 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 \$ 499,211

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

Capital assets net of accumulated depreciation used in  
governmental activities are not financial resources and  
therefore are not reported in the fund.

Capital assets	685,412	
Accumulated depreciation	<u>(99,123)</u>	586,289

Non-current assets are not recoverable in the current  
period and therefore, are not reported in the fund. 14,100

Long term liabilities were not due and payable in the  
current period and, therefore, are not reported in the  
fund. (1,096,360)

Total Net Position - Governmental Activities \$ 3,240

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

Mater Academy St. Cloud  
(A charter school under Mater Academy Central, 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 passed through local	\$ 656,187	\$ -	\$ -	\$ 656,187
State capital outlay funding	-	-	45,839	45,839
Federal sources	-	226,557	-	226,557
Charges and other revenue	742,073	-	-	742,073
<b>Total Revenues</b>	<b>1,398,260</b>	<b>226,557</b>	<b>45,839</b>	<b>1,670,656</b>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	427,546	10,940	-	438,486
Student support services	5,464	-	-	5,464
Instructional staff training	5,082	-	-	5,082
Board	20,478	-	-	20,478
General administration	260	-	-	260
School administration	233,763	-	-	233,763
Fiscal services	16,819	-	-	16,819
Food services	2,568	-	-	2,568
Central services	116,787	-	-	116,787
Student transportation services	64,245	-	-	64,245
Operation of plant	566,672	-	45,839	612,511
Maintenance of plant	63,702	-	-	63,702
Community Services	2,228	-	-	2,228
<b>Capital Outlay:</b>				
Other capital outlay	469,795	215,617	-	685,412
<b>Total Expenditures</b>	<b>1,995,409</b>	<b>226,557</b>	<b>45,839</b>	<b>2,267,805</b>
Excess (deficit) of revenues over expenditures	(597,149)	-	-	(597,149)
<b>Other financing sources (uses):</b>				
Transfers in (out)	-	-	-	-
Proceeds from Line of credit, long-term	1,096,360	-	-	1,096,360
Net change in fund balance	499,211	-	-	499,211
Fund Balance at beginning of year	-	-	-	-
Fund Balance at end of year	\$ 499,211	\$ -	\$ -	\$ 499,211

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

Mater Academy St. Cloud  
 (A charter school under Mater Academy Central, 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

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Net Change in Fund Balance - Governmental Funds \$ 499,211

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 differed from depreciation expense.

Capital outlay expenditures	685,412	
Depreciation expense	<u>(99,123)</u>	586,289

Increase in long term deposits is an expenditure in the governmental funds, but a decrease or collections of such deposits reduces long-term assets in the statement of net position. This is the amount by which issuances of long term deposits exceeded collections in the current period. 14,100

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds differed repayments. (1,096,360)

Change in Net Position of Governmental Activities \$ 3,240

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



Mater Academy St. Cloud  
(A charter school under Mater Academy Central, Inc.)

Statement of Net Position - Fiduciary Funds  
June 30, 2019

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	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash	<u>\$ 1,391</u>
Total Assets	<u>1,391</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>
<b><u>Liabilities</u></b>	
Due to students and clubs	1,391
Total Liabilities	<u>1,391</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>
<b><u>Net Position</u></b>	<u>\$ -</u>

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

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

### Reporting Entity

Mater Academy St. Cloud (the "School"), is a charter school sponsored by the School Board of Osceola County, Florida (the "District"). The School's charter is held by Mater Academy Central, 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 Central, Inc., which is composed of four members and also governs other charter schools. Mater Academy Central, Inc. is a subsidiary of Mater Academy, Inc. and have board of directors in common. The board has determined that no component units exist that would be 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 Osceola County, Florida. The current charter expires on June 30, 2023 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 St. Cloud, Florida for students from kindergarten through eighth grade and is funded by the District. These financial statements are for the period through June 30, 2019, when on average 94 students were enrolled for the school year. This is the first year of operations of the School.

### Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as 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 which report fees; (2) operating grants such as Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not properly 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 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 funding that is legally restricted to expenditures for particular purposes.

Additionally, the School reports the following fiduciary fund types:

*Agency Fund* – accounts for resources of the Schools' Internal Fund which is used to administer monies collected at the schools in connection with school, student activities, 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.

#### 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).

#### Inter-fund Transfers

Interfund receivables/payables are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

#### 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 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.

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

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, Equipment and Fixtures	5 - 10 Years
Textbooks and software	3 Years

Due from Other Governments or Agencies

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

Compensated Absences

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

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 sick days available to be used in future benefits years.

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

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.

## **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 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.

### Net Position and Fund Balance Classifications

#### *Government-wide financial statements*

Equity is classified as net position and displayed in three (3) components:

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and long-term receivables, 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 "invested in capital assets, net of related debt."

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

*Fund financial statements*

Under GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement 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 - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. There are no restricted 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 are 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.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Income Taxes

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

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

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 30, 2019, which is the date the financial statements were available to be issued.

**Note 2 – Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2019:

	Balance 07/01/18	Additions	Retirements / Deletions	Balance 06/30/19
<b>Capital Assets:</b>				
Depreciable:				
Furniture, equipment and fixtures	\$ -	\$ 651,465	\$ -	\$ 651,465
Computer software	-	33,947	-	33,947
Total Capital Assets	<u>\$ -</u>	<u>\$ 685,412</u>	<u>\$ -</u>	<u>\$ 685,412</u>
<b>Less Accumulated Depreciation:</b>				
Furniture, equipment and textbooks	\$ -	\$ (89,677)	\$ -	\$ (89,677)
Computer software	-	(9,446)	-	(9,446)
Total Accumulated Depreciation	<u>-</u>	<u>(99,123)</u>	<u>-</u>	<u>(99,123)</u>
Capital Assets, net	<u>\$ -</u>	<u>\$ 586,289</u>	<u>\$ -</u>	<u>\$ 586,289</u>

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

Instruction	\$ 33,779
School administration	17,454
Food service	19,379
Operation of plant	28,511
Total Depreciation Expense	<u>\$ 99,123</u>



### **Note 3 – 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 \$9,196.

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 Central, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Mater Academy Central, 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 \$14,000; including fiduciary account bank balances.

#### 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 \$430,000 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.

*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.

**Note 3 – Cash, Cash Equivalents and Investments (continued)**

*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 4 – Education Service and Support Provider**

Academica Broward, LLC, an education service and support provider, provides 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 services. The agreement between the School and the education service and support provider calls for a fee on a per student basis. The agreement is with Mater Academy Central, Inc. for a period of five years, 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 \$42,300 in fees.

Academica Broward, LLC is located at 6340 Sunset Drive, Miami, Florida.

**Note 5 – Transactions with Mater Academy, Inc.**

Mater Academy Central, Inc. is a subsidiary of Mater Academy, Inc. and both organizations have board of directors in common. Mater Academy, Inc. charges an assessment to all its affiliated schools for shared corporate costs and accreditation expenses. During 2019, the School paid \$14,100 to the Corporation for these shared costs.

**Recoverable Grant**

The School receives recoverable grants from Mater Academy, Inc. The purpose of these grants is for the School to fund operating expenses. Under the terms, the School would repay the corporate account of Mater Academy, Inc. contingent on subsequently meeting certain financial conditions. For the year ending June 30, 2019, the School received recoverable grants totaling \$730,000. To date, management has determined that the School has not met the requirements for repayment under the grant terms. The maximum amount the School may be required to pay in the future should the school meet the requirements for repayment is \$730,000.

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

Effective July 1, 2018, the Mater Academy Central, Inc. entered into a Lease Agreement on behalf of the School with St. Cloud School Development, LLC (the “Landlord”), for the Leased Premises as identified in the Agreement and located at 1925 Nora Tyson Road, St. Cloud, Florida. The Landlord is an affiliate of the School’s educational service and support provider (see Note 4). Initial fixed annual payments under the Lease Agreement (based on \$18.00 per square foot) are \$664,764, adjusted annually and commencing on the third annual lease year based on the Consumer Price Index (CPI), plus additional property costs including repairs, maintenance and insurance. For the first lease year, the fixed rent shall be reduced by an enrollment discount of \$18,721 a month and for the second lease year the fixed rent shall be reduced by \$9,236 per month.

The agreement continues through June 30, 2038 (“initial term”), with an option to renew for two additional five-year term periods. Under the Lease Agreement, Mater Academy Central, Inc. must meet certain covenants and requirements, including a “Lease Payment Coverage Ratio” of not less than 1.10 to 1.00. The Lease Agreement is guaranteed by Mater Academy, Inc.

The Landlord waived rent expense for the period from July 1, 2018 through August 13, 2018 of \$50,489. For 2019, rent expense net of enrollment discounts and waived rent expense totaled \$392,827.

Future minimum payments for the full lease, net of enrollment period discounts, are as follows:

Year	Minimum		
	Lease Payments	Enrollment Discounts	Net
2020	\$ 664,974	\$ (110,829)	\$ 554,145
2021	\$ 664,974	\$ -	\$ 664,974
2022	\$ 664,974	\$ -	\$ 664,974
2023	\$ 664,974	\$ -	\$ 664,974
2024	\$ 664,974	\$ -	\$ 664,974
2025-2029	\$ 3,324,870	\$ -	\$ 3,324,870
2030-2034	\$ 3,324,870	\$ -	\$ 3,324,870
2035-2038	\$ 2,659,896	\$ -	\$ 2,659,896

Contingencies and Concentrations

The School receives substantially all of its funding from 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.

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

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 \$32,809.

Food Service Agreement

The School entered into a food service agreement with the School Board of Osceola County (“Sponsor”) to provide a lunch program for its students. Revenues and certain expenses related to this program are reflected in the Sponsor’s books and not in the School’s financial statements.

**Note 7 – Long Term Debt**

Mater Academy Central, Inc. renewed a promissory note from a financial institution on June 27, 2019 with a principal balance of \$2,500,000 for purposes of providing working capital to the School. The School shares the \$2,500,000 revolving line of credit with Mater Brighton Lakes Academy and Mater Palms Academy, both Charter Schools under Mater Academy Central, Inc. The facility bears an interest rate of 1.95% per annum and is due in full with all accrued interest at maturity on July 1, 2020. The line of credit is secured by a certificate of deposit in the name of Mater Academy Inc. As of June 30, 2019, the outstanding balance that pertains to the School is \$1,096,360.

The following schedule provides a summary of long-term debt for the period:

	Balance 07/01/18	Advances	Repayments	Balance 06/30/19
Revolving line of credit	\$ -	\$1,096,360	\$ -	\$1,096,360
Long term debt	\$ -	\$1,096,360	\$ -	\$1,096,360

In the event an instance of default is not remedied, the underlying collateral may be forfeited

**Note 8 – Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage 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**

Post-retirement Benefits

The School’s personnel, who 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 will match 100% of the employee’s contribution 4% up to of the employee’s compensation. The School contributed to the Plan \$3,740 for the year ended June 30, 2019. The School does not exercise any control or fiduciary responsibility over the Plan’s assets, which are administered by Voya.

**Note 10 – Interfund Transfers**

Due from / due to balances in the governmental funds as of June 30, 2019 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund Non-Major
Due to General Fund from Capital Projects Fund for capital outlay	\$ 7,034	\$ -	\$ (7,034)
Due to General Fund from Special Revenue Fund for CSP Grant	9,652	(9,652)	-
Total Due from/(Due to)	<u>\$ 16,686</u>	<u>\$ (9,652)</u>	<u>\$ (7,034)</u>

**Note 11 – Subsequent Events**

On July 25, 2019, the School entered obtained equipment financing from a financial institution in the amount of \$285,520. This financing was obtained using the School’s existing capital assets as collateral and will repaid in 48 monthly principal and interest payments at a fixed interest rate of 3.95%.

REQUIRED SUPPLEMENTARY INFORMATION

Mater Academy St. Cloud  
(A charter school under Mater Academy Central, 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	\$ 647,470	\$ 655,820	\$ 656,187
Charges and other revenue	700,000	741,330	742,073
Total Revenues	<u>1,347,470</u>	<u>1,397,150</u>	<u>1,398,260</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	457,841	428,965	427,546
Student support services	5,000	6,000	5,464
Instructional staff training	6,888	5,500	5,082
Board	26,372	24,025	20,478
General administration	1,000	300	260
School administration	135,338	236,405	233,763
Fiscal services	11,550	13,500	16,819
Food Services	3,000	3,000	2,568
Central services	94,550	119,100	116,787
Student transportation services	50,000	60,000	64,245
Operation of plant	922,948	633,938	566,672
Maintenance of plant	90,000	65,000	63,702
Community services	2,500	2,500	2,228
Total Current Expenditures	<u>1,806,987</u>	<u>1,598,233</u>	<u>1,525,614</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>(459,517)</u>	<u>(201,083)</u>	<u>(127,354)</u>
Capital Outlay			
Other capital outlay	<u>390,000</u>	<u>477,000</u>	<u>469,795</u>
Total Expenditures	<u>2,196,987</u>	<u>2,075,233</u>	<u>1,995,409</u>
Excess (Deficit) of Revenues Over Expenditures	(849,517)	(678,083)	(597,149)
Other financing sources (uses):			
Transfers in (out)	-	(5,000)	-
Line of credit, long-term	<u>1,000,000</u>	<u>1,096,360</u>	<u>1,096,360</u>
Net change in fund balance	150,483	413,277	499,211
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 150,483</u>	<u>\$ 413,277</u>	<u>\$ 499,211</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 St. Cloud  
(A charter school under Mater Academy Central, 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
REVENUES			
Federal sources	\$ 250,000	\$ 225,000	\$ 226,557
Total Revenues	<u>250,000</u>	<u>225,000</u>	<u>226,557</u>
EXPENDITURES			
Current:			
Instruction	<u>11,000</u>	<u>11,000</u>	<u>10,940</u>
Total Current Expenditures	<u>11,000</u>	<u>11,000</u>	<u>10,940</u>
Excess of Revenues Over Current Expenditures	<u>239,000</u>	<u>214,000</u>	<u>215,617</u>
Capital Outlay	<u>236,000</u>	<u>216,000</u>	<u>215,617</u>
Total Expenditures	<u>247,000</u>	<u>227,000</u>	<u>226,557</u>
Excess (deficit) of Revenues Over Expenditures	3,000	(2,000)	-
Other financing sources (uses)			
Transfers in (out)	<u>(3,000)</u>	<u>2,000</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 AUDITOR'S 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*

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To the Board of Directors of  
Mater Academy St. Cloud  
St. Cloud, Florida

We have audited, in accordance with the 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 St. Cloud (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 20, 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 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 a 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 to management in a separate management letter dated September 20, 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 20, 2019



## MANAGEMENT LETTER

To the Board of Directors of  
Mater Academy St. Cloud  
St. Cloud, Florida

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

We have audited the financial statements of Mater Academy St. Cloud, St. Cloud, Florida, as of and for the year ended June 30, 2019 and have issued our report thereon dated September 20, 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 20, 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.

Not applicable since this is the first year of operations of the School.

### **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 school code assigned by the Florida Department of education of the entity is Mater Academy St. Cloud, 0202.

## **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 Mater Academy St. Cloud 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 Mater Academy St. Cloud 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 St. Cloud. It is management's responsibility to monitor Mater Academy St. Cloud'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 had the following recommendations:

### **ML – 19-01 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: various differences between recap sheet summaries and corresponding deposits and differences between receipts issued and the corresponding deposits resulting in unreconciled differences.

Cause: The 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 receipts.

Recommendation: We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all deposits and cash receipts are properly counted, reviewed, and reconciled to the amount deposited in the bank account.

Views of Responsible officials: See attached management response.

## **ML – 19-02 INTERNAL ACCOUNT DISBURSEMENTS**

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

**Condition:** We noted the following: various disbursements that sales tax was reimbursed, disbursements without purchase orders, and disbursements with missing source documentation such as an invoice.

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

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

**Recommendation:** We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all disbursement of funds are properly documented, approved, and authorized deposits and cash receipts are properly counted, reviewed, and authorized prior to checks or other method of payment are issued.

**Views of Responsible officials:** See attached management response.

### **Transparency**

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to report the results of our determination as to whether Mater Academy St. Cloud 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 St. Cloud 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, 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 which 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 St. Cloud-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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 20, 2019

## MATER ACADEMY ST. CLOUD

September 17<sup>th</sup>, 2019

HLB Gravier, LLP  
396 Alhambra Circle, 9<sup>th</sup> Floor  
Coral Gables, FL 33134

RE: MANAGEMENT'S RESPONSE TO AUDITOR'S RECOMMENDATION

The following is the response by the School's Administrator to your recommendations:

### ML – 19-01 INTERNAL ACCOUNT DEPOSITS

#### **Recommendation**

We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all deposits and cash receipts are properly counted, reviewed, and reconciled to the amount deposited in the bank account.

#### **Management Response**

Management will adhere to the auditor's recommendation. Continuous oversight of deposits will be performed by the Principal, ensuring that all deposits and cash receipts are properly counted, reviewed and reconciled to the amount deposited in the appropriate bank account.

### ML – 19-02 INTERNAL ACCOUNT DISBURSEMENTS

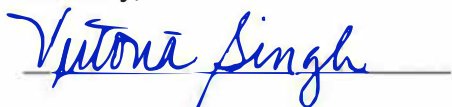
#### **Recommendation**

We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all disbursement of funds are properly documented, approved, and authorized deposits and cash receipts are properly counted, reviewed, and authorized prior to checks or other method of payment are issued.

#### **Management Response**

Management will adhere to the auditor's recommendation. Continuous oversight of disbursements will be performed by the Principal, ensuring that all disbursements of funds are properly documented, approved and authorized deposits and cash receipts are properly counted, reviewed, and authorized prior to checks or other method of payment are issued.

Sincerely,



Victoria Singh  
Principal, Mater Academy St. Cloud