

Mater Brighton Lakes Academy
W/L# 0163
(A charter school under
Mater Brighton Lakes Academy, Inc.)

Financial Statements and
Independent Auditors' Report
June 30, 2017

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Mater Brighton Lakes Academy
(A charter school under Mater Brighton Lakes Academy, Inc.)
W/L# 5054
3200 Pleasant Hill Road
Kissimmee, FL 34746

2016-2017

Board of Directors

Roberto Blanch, Board Chair, Director
Shannie Sadesky, Vice Chair, Director
Cesar Christian Crousillat, Secretary, Director
Javier Jerez, Student Alumni Representative, Director
Maurene Sotero Balmaseda, Student Alumni Representative, Director

School Administration

Carmen Cangemi, Principal

Other Non-voting Corporate Officers

Antonio L. Roca, President

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mater Brighton Lakes Academy
Kissimmee, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mater Brighton Lakes Academy (the "School"), a charter school under Mater Brighton Lakes Academy, Inc., as of, and for the year ended June 30, 2017, 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 Brighton Lakes Academy as of June 30, 2017, 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 Brighton Lakes Academy as of June 30, 2017, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Mater Brighton Lakes Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of Mater Brighton Lakes Academy, Inc. as of June 30, 2017 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 27, 2017 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 27, 2017


CERTIFIED PUBLIC ACCOUNTANTS

Management's Discussion and Analysis
Mater Brighton Lakes Academy
(A Charter School Under Mater Brighton Lakes Academy, Inc.)
June 30, 2017

The corporate officers of Mater Brighton Lakes Academy, Inc. have prepared this narrative overview and analysis of Mater Brighton Lakes Academy's financial activities for the fiscal year ended June 30, 2017.

Financial Highlights

1. The net position of the Charter School as of June 30, 2017 was \$204,657.
2. At year-end, the School had current assets on hand of \$1,123,428.
3. The net position of the School increased by \$126,683 during the year.
4. The unassigned fund balance at year end was \$708,713.

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, 2017 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 - 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, the net position was \$204,657 at the close of the fiscal year. A summary of the School’s net position as of June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 26,273	\$ 714,878
Investments	512,000	-
Prepaid expenses	114,065	7,199
Due from other agencies	471,090	100,000
Deposits receivable	44,404	44,404
Capital Assets, net	<u>1,063,527</u>	<u>767,902</u>
Total Assets	<u>2,231,359</u>	<u>1,634,383</u>
Deferred outflows of resources	-	-
Accounts Payable and Accrued Liabilities	150,650	156,409
Due to Mater Academy, Inc.	150,000	-
Current portion of long term debt	1,476,958	1,400,000
Long term debt	<u>249,094</u>	<u>-</u>
Total Liabilities	<u>2,026,702</u>	<u>1,556,409</u>
Deferred inflows of resources	-	-
Net Position:		
Unrestricted	<u>204,657</u>	<u>77,974</u>
Total Net Position	<u>\$ 204,657</u>	<u>\$ 77,974</u>

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 575,805	\$ 327,369
Capital Outlay Funding	441,524	139,140
Charges for Services	95,354	115,727
General Revenues		
Local Sources(FTE non specific)	4,947,993	3,022,926
Other Revenues	35,681	863,185
Total Revenues	<u>\$ 6,096,357</u>	<u>\$ 4,468,347</u>
EXPENSES		
Instruction	\$ 2,776,586	\$ 1,786,524
Instructional staff training	20,804	44,742
Board	27,717	108,968
School administration	1,136,156	948,778
Facilities acquisition	290	145
Fiscal services	114,075	70,350
Food services	-	471
Central services	140,806	176,762
Pupil transportation	165,305	61,425
Operation of plant	1,435,751	1,035,390
Maintenance of plant	39,310	35,326
Community Services	93,962	105,538
Interest	18,912	15,954
Total Expenses	<u>5,969,674</u>	<u>4,390,373</u>
Increase in Net Position	126,683	77,974
Net Position at Beginning of Year	77,974	-
Net Position at End of Year	<u>\$ 204,657</u>	<u>\$ 77,974</u>

At the end of both fiscal years the School was able to report positive balances in total net position. The School's revenues and expenses increased by \$1,628,010 and \$1,579,301, respectively during the year due to an increase in enrollment. The School had an increase in its net position of \$126,683.

Capital Improvement Requirements

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

Accomplishments

In 2017, Mater Brighton Lakes (MBLA) completed its second year of operations, serving 757 students in grades K-7 in Osceola County. The school's historic opening in Kissimmee, Florida marked Mater Academy Inc.'s first school expansion outside of Miami-Dade County. The school earned a letter grade of "B," outperforming the surrounding public schools in its region.

MBLA prepares students for college through a rigorous curriculum with an enhanced focus on Project Lead the Way's STEM curriculum, Robotics, and a Positive Behavior Intervention and Support System (PBIS) Character Education program.

Through engineering initiatives such as the Robotics program, MBLA is breaking new ground in STEM education by using robotics, coding and other STEM initiatives to prepare students for the challenges of tomorrow. In the robotics program, students are provided with real-world problems, which they need to solve by using critical thinking to design and program their own robots. They learn to collaborate with peers to explore solutions, work through robotics programming and design phases, create and evaluate their models and document their research just as an engineer would in the real world.

MBLA expects to grow along with its new community and will add a grade annually until reaching full capacity as a K-8 with capacity to serve up to 1,170 students.

As the newest member of the Mater Academy network of high quality charter schools, Mater Brighton Lakes Academy 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 \$822,778. The fund balance unassigned and available for spending at the School's discretion is \$708,713. 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, 2017 amounts to \$1,063,526 (net of accumulated depreciation). This investment in capital assets includes computer software, leasehold improvements and furniture, fixtures and equipment. The School has \$1,726,052 in long-term debt associated to 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 School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School’s budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
State capital outlay funding	\$ 443,110	\$ 442,000	\$ 441,524
Federal sources	501,960	575,174	575,805
General Revenues			
FTE nonspecific revenues	4,959,000	4,945,800	4,947,993
Charges and other revenues	130,400	130,000	131,035
Total Revenues	<u>6,034,470</u>	<u>6,092,974</u>	<u>6,096,357</u>
CURRENT EXPENDITURES			
Component Unit Activities			
Instruction	\$ 2,549,805	\$ 2,552,005	\$ 2,551,505
Instructional staff training	19,000	21,800	20,804
Board	28,000	28,000	27,717
School administration	985,496	1,085,900	1,135,766
Fiscal services	117,000	114,075	114,075
Central services	141,039	144,075	140,806
Pupil transportation	166,750	167,750	165,305
Operation of plant	1,413,390	1,410,280	1,403,765
Maintenance of plant	38,081	39,144	38,971
Community Services	65,603	95,400	93,962
Interest	19,000	19,000	18,912
Total Current Expenditures	<u>\$ 5,543,164</u>	<u>\$ 5,677,429</u>	<u>\$ 5,711,588</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 located at 6340 Sunset Drive, Miami, Florida 33143.

Mater Brighton Lakes Academy
(A charter school under Mater Brighton Lakes Academy, Inc.)

Statement of Net Position
June 30, 2017

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and cash equivalents	\$ 26,273
Investments	512,000
Due from other agencies	471,090
Prepaid expenses	114,065
Total Current Assets	<u>1,123,428</u>
Capital assets, depreciable	1,415,620
Less: accumulated depreciation	<u>(352,093)</u>
	1,063,527
Deposit receivable	<u>44,404</u>
Total Assets	<u>2,231,359</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	150,650
Due to Mater Academy, Inc.	150,000
Current portion of long term debt	1,476,958
Total Current Liabilities	<u>1,777,608</u>
Long term debt	<u>249,094</u>
Total Liabilities	<u>2,026,702</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	
Net Investment in capital assets	-
Unrestricted	204,657
Total Net Position	<u>\$ 204,657</u>

The accompanying notes are an integral part of these financial statements.

Mater Brighton Lakes Academy
(A charter school under Mater Brighton Lakes Academy, Inc.)

Statement of Activities
For the year ended June 30, 2017

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 2,776,586	\$ -	\$ 575,805	\$ -	\$ (2,200,781)
Instructional staff training	20,804	-	-	-	(20,804)
Board	27,717	-	-	-	(27,717)
School administration	1,136,156	-	-	-	(1,136,156)
Facilities acquisition	290	-	-	-	(290)
Fiscal services	114,075	-	-	-	(114,075)
Central services	140,806	-	-	-	(140,806)
Pupil transportation	165,305	-	-	-	(165,305)
Operation of plant	1,435,751	-	-	441,524	(994,227)
Maintenance of plant	39,310	-	-	-	(39,310)
Community Services	93,962	95,354	-	-	1,392
Interest	18,912	-	-	-	(18,912)
Total governmental activities	5,969,674	95,354	575,805	441,524	(4,856,991)
General revenues:					
FTE nonspecific revenues					4,947,993
Interest and other revenues					<u>35,681</u>
Change in net position					126,683
Net position , beginning					<u>77,974</u>
Net position, ending					<u>\$ 204,657</u>

The accompanying notes are an integral part of these financial statements.

Mater Brighton Lakes Academy
(A charter school under Mater Brighton Lakes Academy, Inc.)

Balance Sheet - Governmental Funds
June 30, 2017

	General Fund	Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 26,273	\$ -	\$ -	\$ 26,273
Investments	512,000	-	-	512,000
Due from other agencies	-	442,744	28,346	471,090
Due from fund	471,090	-	-	471,090
Prepaid expenses	114,065	-	-	114,065
Total Assets	1,123,428	442,744	28,346	1,594,518
<u>Deferred Outflows of Resources</u>				
	-	-	-	-
<u>Liabilities</u>				
Salaries and wages payable	150,650	-	-	150,650
Due to Mater Academy, Inc.	150,000	-	-	150,000
Due to fund	-	442,744	28,346	471,090
Total Liabilities	300,650	442,744	28,346	771,740
<u>Deferred Inflows of Resources</u>				
	-	-	-	-
<u>Fund balance</u>				
Nonspendable, not in spendable form	114,065	-	-	114,065
Unassigned	708,713	-	-	708,713
	822,778	-	-	822,778
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,123,428	\$ 442,744	\$ 28,346	\$ 1,594,518

The accompanying notes are an integral part of these financial statements.

Mater Brighton Lakes Academy
(A charter school under Mater Brighton Lakes Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2017

Total Fund Balance - Governmental Funds	\$ 822,778
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$1,415,620 net of accumulated depreciation of \$352,093 used in governmental activities are not financial resources and therefore are not reported in the fund.	1,063,527
Long term advances in governmental activities are not due and payable in the current period and therefore, is not reported in the governmental funds.	(1,726,052)
Long term deposit receivable in governmental activities are not financial resources and therefore are not reported in the governmental fund.	<u>44,404</u>
Total Net Position - Governmental Activities	<u>\$ 204,657</u>

The accompanying notes are an integral part of these financial statements.

Mater Brighton Lakes Academy
(A charter school under Mater Brighton Lakes Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2017

	General Fund	Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
State capital outlay funding	\$ -	\$ -	\$ 441,524	\$ 441,524
State passed through local	4,947,993	-	-	4,947,993
Federal sources	-	575,805	-	575,805
Charges and other revenue	131,035	-	-	131,035
Total Revenues	5,079,028	575,805	441,524	6,096,357
Expenditures:				
Current				
Instruction	2,407,084	144,421	-	2,551,505
Board	27,717	-	-	27,717
Instructional staff training	18,054	2,750	-	20,804
School administration	1,135,766	-	-	1,135,766
Fiscal services	114,075	-	-	114,075
Central services	140,806	-	-	140,806
Pupil transportation	165,305	-	-	165,305
Operation of plant	962,241	-	441,524	1,403,765
Maintenance of plant	38,971	-	-	38,971
Community Services	93,962	-	-	93,962
Capital Outlay:				
Other capital outlay	180,733	372,978	-	553,711
Debt Service:				
Interest	-	-	18,912	18,912
Total Expenditures	5,284,714	520,149	460,436	6,265,299
Excess (deficit) of revenues over expenditures	(205,686)	55,656	(18,912)	(168,942)
Other financing sources (uses)				
Transfers in (out)	36,744	(55,656)	18,912	-
Repayment of long term advances				
Proceeds from long term debt	326,052	-	-	326,052
Net change in fund balance	157,110	-	-	157,110
Fund Balance at beginning of year	665,668	-	-	665,668
Fund Balance at end of year	\$ 822,778	\$ -	\$ -	\$ 822,778

The accompanying notes are an integral part of these financial statements.

Mater Brighton Lakes Academy
(A charter school under Mater Brighton Lakes Academy, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2017

Net Change in Fund Balance - Governmental Funds \$ 157,110

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 \$553,711 exceeded depreciation expense of \$258,086. 295,625

Increase in notes payable is revenue in the governmental funds, but a decrease or repayment of such payables reduces liabilities in the statement of net position. This is the amount by which repayments of \$0 differed from proceeds of \$326,052 in the current period. (326,052)

Change in Net Position of Governmental Activities \$ 126,683

The accompanying notes are an integral
part of these financial statements.

Mater Brighton Lakes Academy
(A charter school under Mater Brighton Lakes Academy, Inc.)

Statement of Net Position - Fiduciary Funds
June 30, 2017

<u>Assets</u>	<u>Agency funds</u>
Cash	\$ 173
Total Assets	173
<u>Deferred Outflows of Resources</u>	-
<u>Liabilities</u>	
Due to students and clubs	173
Total Liabilities	173
<u>Deferred Inflows of Resources</u>	-
<u>Net Position</u>	\$ -

The accompanying notes are an integral part of these financial statements.

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Mater Brighton Lakes Academy (the "School"), is a component unit of the School Board of Osceola County, Florida (the "District"). The School's charter is held by Mater Brighton Lakes Academy, Inc., an affiliate of 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 Brighton Lakes Academy Inc., which is composed of five members. The board of directors has determined that no component units exist 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 Osceola County, Florida. The current charter expires on June 30, 2019 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 Kissimmee, Florida for students from kindergarten to eighth grade. These financial statements are from the year ended June 30, 2017, when on average 760 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.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net 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)

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 and student activity fees; (2) operating grants such as 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.

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

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

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

Measurement Focus and Basis of Accounting

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

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Note 1 – Summary of Significant Accounting Policies (continued)

Revenues from non-exchange transactions are reported according to GASB Codification Section 1600.111 and Section N50 *Accounting and Financial Reporting for Non-Exchange Transactions*. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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.

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

Budgets and Budgetary Accounting

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

Cash, Cash Equivalents and Investments

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

Outstanding balances between funds are reported as “due to/from” other funds. Inter-fund transfers are made to move any excess or shortage of funds derived from the Special Revenue Fund to the General Fund.

Due from Other Governments or Agencies

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

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	5-25 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 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. Employees may “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 in order to cash out. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

Note 1 – Summary of Significant Accounting Policies (continued)

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years.

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

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.

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.

In addition, 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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

Net Position and Fund Balance Classification

Government-wide financial statements

Net position are 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 do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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.

Note 1 – Summary of Significant Accounting Policies (continued)

- 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 restricted 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 Brighton Lakes Academy, Inc. qualifies as a tax-exempt organization under the 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 27, 2017, which is the date the financial statements were available to be issued.

Use of Estimates

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

Note 2 – Cash, Cash Equivalents and Investments

Deposits

The School maintains its cash and cash equivalents in two financial institutions. As of June 30, 2017, the School’s deposits consisted of cash balances of \$25,247.

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

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, 2017, bank balances in potential excess of FDIC coverage was approximately, \$30,500, including fiduciary funds.

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, 2017, the School has the following recurring fair value measurements:

- Government money market mutual fund of \$990,000 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, 2017, the fund's annual report, maturities of the fund's portfolio holdings are approximately 79% 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, 2017, 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, 2017:

	Balance 07/01/16	Additions	Retirements/ Reclassifications	Balance 06/30/17
Capital Assets:				
Computer software	\$ 2,497	\$ 7,256	\$ -	\$ 9,753
Leasehold improvements	35,209	-	-	35,209
Furniture, equipment and textbooks	824,203	546,455	-	1,370,658
Total Capital Assets	<u>861,909</u>	<u>553,711</u>	<u>-</u>	<u>1,415,620</u>
Less Accumulated Depreciation:				
Computer software	(416)	(2,042)	-	(2,458)
Leasehold improvements	(3,521)	(7,042)	-	(10,563)
Furniture, equipment and textbooks	(90,070)	(249,002)	-	(339,072)
Total Accumulated Depreciation	<u>(94,007)</u>	<u>(258,086)</u>	<u>-</u>	<u>(352,093)</u>
Capital Assets, net	<u>\$ 767,902</u>	<u>\$ 295,625</u>	<u>\$ -</u>	<u>\$ 1,063,527</u>

For the fiscal year ended June 30, 2017, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	225,081
School administration		390
Facilities acquisition		290
Maintenance of plant		339
Operation of plant		31,986
Total Depreciation Expense	<u>\$</u>	<u>258,086</u>

Note 4 –Education Service and Support Provider

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

Note 4 – Education Service and Support Provider (continued)

The agreement is with Mater Brighton Lakes Academy through June 30, 2020, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2017, the School incurred \$342,225 in fees.

Academica Dade, LLC is located at 6340 Sunset Drive, Miami, Florida 33143.

Note 5 – Transactions with Affiliates

Mater Academy, Inc. charges all its affiliated schools an assessment for accreditation expenses. Mater Brighton Lakes Academy paid Mater Academy, Inc. approximately \$76,000 in connection with these charges during the year.

In the 2015-2016 School year, the School received a recoverable grant in the amount of \$650,000 for working capital from Mater Academy, Inc. Based on the terms of the agreement; repayment of the funds will be contingent upon the school meeting certain financial conditions. During the year ended June 30, 2017, management determined that the school partially met the requirements for repayment under the grant terms and accordingly recorded a liability of \$150,000. The maximum amount the School may be required to pay in the future should the School meet the requirements for repayment is \$500,000.

The School entered into a food services agreement with the School Board of Osceola County ("Sponsor") to provide a lunch program for its students. Revenues and expenses related to this program are recorded in the Sponsor's books and not reflected in the School's financial statements. The term of the agreement is from July 1, 2017 through June 30, 2018, unless canceled by either party upon thirty days written notice of desire to terminate the agreement.

Note 6 – Long Term Debt

The School obtained a \$1,500,000 revolving line of credit from a financial institution for working capital purposes. The facility bears an interest rate of 1.3% per annum and is due in full with all accrued interest at maturity on October 8, 2018. The line of credit is secured by a certificate of deposit in the name of Mater Academy Inc. As of June 30, 2017, the outstanding balance on the line is \$1,400,000.

On June 6, 2017, the School obtained financing collateralized by equipment from a financial institution for a total loan balance of \$326,052. The terms require the loan to be repaid in 48 monthly installments that include principal and interest at a fixed interest rate of 3.78%. As of June 30, 2017 the balance due was at \$326,052.

Future minimum payments for the equipment loan are as follows:

Year		
2018	\$	76,958
2019		79,918
2020		82,992
2021		86,184
	\$	<u>326,052</u>

Mater Brighton Lakes Academy
(A Charter School under Mater Brighton Lakes Academy, Inc.)
Notes to Financial Statements
June 30, 2017

Note 6 – Notes Payable (continued)

The following schedule provides a summary of changes in long term debt for the year ended June 30, 2017:

	Balance 07/01/16	Advances	Repayments	Balance 06/30/17
Revolving line of credit	\$1,400,000	\$ -	\$ -	\$1,400,000
Equipment financing	-	326,052	-	326,052
Total Long Term Debt	<u>\$1,400,000</u>	<u>\$ 326,052</u>	<u>\$ -</u>	<u>\$1,726,052</u>

Note 7 – Commitments, Contingencies and Concentrations

On February 13, 2015, Mater Brighton Lakes Academy, Inc. (the subtenant) entered into a space sublease agreement with Mater Academy Foundation Inc., as sub landlord. Mater Academy Foundation, Inc. is the tenant under a master lease agreement with Apple Core Development, LLC (the "Landlord"). The sub landlord is an affiliate of Mater Brighton Lakes Academy, Inc. and Mater Academy, Inc. The charter school facility consists of approximately 70,000 rentable square feet at 3200 Pleasant Hill Rd, Kissimmee, FL 34746.

The sublease agreement commenced on August 1, 2015 and continues through July 31, 2040. This sublease is subject and subordinate to the terms, conditions, and covenants stated in the superior sublease and if the superior sublease terminates for any reason, then this sublease shall also terminate.

For the first five years of the agreement, the School shall pay a base rent of \$1,200 per FTE based on a minimum of number of students per school year. Commencing on the sixth year and each and every year thereafter, the per student factor of \$1,200 will increase by five percent every five years during the term of the lease agreement. For the fiscal year end 2017, rent expense totaled approximately \$1,000,000.

Future minimum payments for the full lease are as follows:

Year			
2018	\$	1,344,000	
2019	\$	1,404,000	
2020	\$	1,404,000	
2021	\$	1,474,200	
2022	\$	1,474,200	
2023-2027	\$	7,518,420	Total for a five year period
2028-2032	\$	7,894,341	Total for a five year period
2033-2037	\$	8,289,058	Total for a five year period
2038-2040	\$	5,119,712	Total for a three year period

Note 7 – Commitments, Contingencies and Concentrations (continued)

Contingencies and Concentrations

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

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% or 2% of the qualifying revenues of the School. For the year ended June 30, 2017, administrative fees withheld by the School District totaled \$83,458.

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.

Note 9 – Defined Contribution Retirement Plan

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School provides a match of 100% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$24,305 for the year ended June 30, 2017. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by Voya.

REQUIRED SUPPLEMENTARY INFORMATION

Mater Brighton Lakes Academy
(A charter school under Mater Brighton Lakes Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2017

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 4,959,000	\$ 4,945,800	\$ 4,947,993
Charges and other revenue	130,400	130,000	131,035
Total Revenues	<u>5,089,400</u>	<u>5,075,800</u>	<u>5,079,028</u>
EXPENDITURES			
Current:			
Instruction	2,407,805	2,407,805	2,407,084
Instructional Staff Training	19,000	19,000	18,054
Board	28,000	28,000	27,717
School Administration	985,496	1,085,900	1,135,766
Fiscal Services	117,000	114,075	114,075
Central Services	141,039	144,075	140,806
Pupil Transportation	166,750	167,750	165,305
Operation of Plant	970,280	968,280	962,241
Maintenance of Plant	38,081	39,144	38,971
Community Services	65,603	95,400	93,962
Total Current Expenditures	<u>4,939,054</u>	<u>5,069,429</u>	<u>5,103,981</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>150,346</u>	<u>6,371</u>	<u>(24,953)</u>
Capital Outlay	<u>130,000</u>	<u>130,000</u>	<u>180,733</u>
Total Expenditures	<u>5,069,054</u>	<u>5,199,429</u>	<u>5,284,714</u>
(Deficit) Excess of Revenues Over Expenditures	20,346	(123,629)	(205,686)
Other financing sources (uses):			
Transfers in (out)	-	(826)	36,744
Net change in equipment financing	<u>300,000</u>	<u>327,000</u>	<u>326,052</u>
Net change in fund balance	320,346	202,545	157,110
Fund Balance at beginning of year	<u>665,668</u>	<u>665,668</u>	<u>665,668</u>
Fund Balance at end of year	<u>\$ 986,014</u>	<u>\$ 868,213</u>	<u>\$ 822,778</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 Brighton Lakes Academy
(A charter school under Mater Brighton Lakes Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2017

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	501,960	575,174	575,805
Total Revenues	<u>501,960</u>	<u>575,174</u>	<u>575,805</u>
EXPENDITURES			
Current:			
Instruction	142,000	144,200	144,421
Instructional staff training	-	2,800	2,750
Total Current Expenditures	<u>142,000</u>	<u>147,000</u>	<u>147,171</u>
Excess of Revenues Over Current Expenditures	<u>359,960</u>	<u>428,174</u>	<u>428,634</u>
Capital Outlay	359,960	429,000	372,978
Total Capital Outlay	<u>359,960</u>	<u>429,000</u>	<u>428,684</u>
Total Expenditures	<u>501,960</u>	<u>576,000</u>	<u>520,149</u>
Excess (Deficit) of Revenues Over Expenditures	-	(826)	55,656
Other financing sources (uses)			
Transfers in (out)	<u>-</u>	<u>826</u>	<u>(55,656)</u>
Net change in fund balance	-	-	-
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Budgetary Comparison Schedule

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

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

To the Board of Directors of
Mater Brighton Lakes Academy
Kissimmee, 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 Brighton Lakes Academy (the "School"), as of, and for the year ended June 30, 2017, 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 27, 2017.

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 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 noted certain matters that we reported in a separate management letter dated September 27, 2017 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 27, 2017

MANAGEMENT LETTER

To the Board of Directors of
Mater Brighton Lakes Academy
Kissimmee, Florida

Report on the Financial Statements

We have audited the financial statements of Mater Brighton Lakes Academy as of and for the fiscal year ended June 30, 2017 and have issued our report thereon dated September 27, 2017.

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 Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and 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 27, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Refer to Status of Prior Year Findings and Recommendations.

Official Title

Section 10.854.(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Mater Brighton Lakes Academy.

Financial Condition

Section 10.854(1)(e)2, Rules of the Auditor General, requires that we report the results of our determination as to whether or not Mater Brighton Lakes Academy has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Mater Brighton Lakes Academy 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 Brighton Lakes Academy. It is management's responsibility to monitor Mater Brighton Lakes Academy financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. We have applied such procedures as of the fiscal year end and no deteriorating financial condition has been noted.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether Mater Brighton Lakes Academy 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 Brighton Lakes Academy maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters

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

ML 2017-01 Internal Account - Deposits

Observation: Based on our testing of the internal fund, we noted the following exceptions in our sample:

- Unreconciled difference between Recap Sheet, Deposit Summary Report, and the actual amount of the deposit. (This was an observation in the audit report covering 2015-2016)
- Two instances of missing evidence of written receipts provided to students when cash collections of \$15 or higher were received.

Recommendation: We recommend that the School adheres to its internal control policies relating to the internal account so that all deposits are properly counted and reconciled. In addition, the School should maintain a record of receipts when cash collections exceed \$15.

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address 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 have any such findings.

Status of Prior Year Findings and Recommendations

ML 16-01 – Internal Account

(This is a repeat observation, this was not an observation in the second preceding audit report)

Observation: Based on our testing of the internal fund, we noted several exceptions involving the School's deposits where recap sheets did not agree to the deposit summary and the revenue was not properly recorded in accordance with the Financial and Program Cost Accounting and Reporting for Florida Schools. During our testing we also noted the lack of required dual signatures on checks and check requisition forms. Finally, during our testing of the disbursements, we also noted disbursements with missing invoices and missing check requisition forms.

Recommendation: We recommend that the School adheres to its internal control policies relating to the deposits and disbursement of funds.

Status: During the current year audit, it was determined that the client followed the procedures in relation to the disbursement of funds. In relation to the deposit of funds, it was determined that the client is properly recording revenues in accordance with the Financial and Program Cost Accounting and Reporting for Florida Schools but we had a repeat finding in relation to the recap sheets not agreeing to the deposit slips.

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 Osceola 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.

Coral Gables, Florida
September 27, 2017

HeB Green, CPA
CERTIFIED PUBLIC ACCOUNTANTS