



Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc)  
WL# 3395

Lake Worth, Florida

Financial Statements and  
Independent Auditors' Report  
June 30, 2019

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Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc)  
WL# 3395

4696 Davis Road  
Lake Worth, Florida 33461

2018-2019

BOARD OF DIRECTORS

Todd German, Board Chair (Florida), Treasurer, and Director – Effective 1/25/19  
Lourdes Isla, Director, Board Chair – Resigned 1/25/19  
Louis Marin, Vice Chair (Texas) and Director  
Brian Mathew Cox, Director (Texas) – Elected 7/26/18  
Ana Diaz, Secretary and Director  
David Concepcion, Director  
Dr. Bernard Kimmel, Director  
Jennifer Esquijarosa, Director

SCHOOL ADMINISTRATION

Sharon B. Hench, Principal

OTHER NON-VOTING CORPORATE OFFICERS

Bernardo Montero, President  
Suzette Ruiz, Vice-President

BOARD COUNSEL

Charles Gibson, Esq.  
Eleni Pantaridis, Esq.



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Somerset Academy JFK Charter School  
Lake Worth, Florida

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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***Opinions***

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

***Other Matters***

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Somerset Academy JFK Charter School as of June 30, 2019, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Somerset Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of Somerset Academy, Inc. as of June 30, 2019 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 4 through 8 and 29 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.



Coral Gables, Florida  
September 10, 2019

CERTIFIED PUBLIC ACCOUNTANTS

**Management's Discussion and Analysis**  
Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc)  
June 30, 2019

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

**Financial Highlights**

1. The net position of the School as of June 30, 2019 was \$990,250.
2. At year-end, the School had current assets on hand of \$629,730.
3. The School had an increase in its net position of \$210,676 for the year ended June 30, 2019.
4. The unassigned fund balance at year end was \$391,105.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2019 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four is reported as *net position*. Over time increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9-10 of this report.

*Fund Financial Statements*

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School like other state and local governments uses fund accounting to ensure and report compliance with finance-related legal requirements.

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

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the 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 – 28 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by \$990,250 at the close of the fiscal year. A summary of the School's net position as of June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 20,460	1,517
Investments	497,000	370,000
Prepaid expenses	31,513	33,817
Due from other agencies	80,757	7,505
Capital assets, net	592,374	585,169
Deposit receivable	44,277	44,277
<b>Total Assets</b>	<u>1,266,381</u>	<u>1,042,285</u>
<b>Deferred outflows of resources</b>	-	-
Accounts payable	83,229	12,750
Due to internal fund	-	37,134
Salaries and wages payable	123,883	120,144
Note payable	69,019	92,683
<b>Total Liabilities</b>	<u>276,131</u>	<u>262,711</u>
<b>Deferred inflows of resources</b>	-	-
<b>Net Position:</b>		
Net investment in capital assets	523,355	492,486
Unrestricted	466,895	287,088
<b>Total Net Position</b>	<u>\$ 990,250</u>	<u>\$ 779,574</u>

At the end of both fiscal years, the School can report positive balances in total net position.

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

<b>REVENUES</b>	<u>2019</u>	<u>2018</u>
Program Revenues		
Capital Grants and Contributions	\$ 354,391	\$ 462,183
Federal Sources	165,783	18,658
General Revenues		
Local Sources (FTE and other non specific)	3,772,448	3,686,751
Charge for services and other revenue	75,185	158,647
<b>Total Revenues</b>	<u>\$ 4,367,807</u>	<u>\$ 4,326,239</u>
<b>EXPENSES</b>		
Instruction	\$ 2,352,312	\$ 2,160,066
Student support services	1,277	-
Instructional staff training	12,103	4,826
Board	29,094	27,592
School administration	453,831	473,960
Fiscal services	78,855	78,000
Food services	8,165	9,026
Central services	117,003	114,517
Student transportation services	33,585	34,448
Operation of plant	901,684	826,113
Maintenance of plant	114,622	74,188
Administrative technology services	54,600	27,417
Community services	-	59,706
<b>Total Expenses</b>	<u>4,157,131</u>	<u>3,889,859</u>
Increase in Net Position	210,676	436,380
Net Position at Beginning of Year	779,574	343,194
Net Position at End of Year	<u>\$ 990,250</u>	<u>\$ 779,574</u>

The School’s revenues and expenditures increased by \$41,568 and 267,272. The School had an increase in its net position of \$210,676.

**Achievements**

In 2019, JFK Medical Center Charter School completed its 16<sup>th</sup> year of operations, serving over 525 students in grades K-8. This past year, the school increased its letter grade to a “B.”

Located in suburban Lake Worth, Somerset Academy JFK is an in-the-workplace public charter school affiliated with the JFK Medical Center. The school’s curriculum addresses the Florida Standards and assessments are given to identify the individual needs of each student. Students engage daily in hands-on learning experiences that provide rich opportunities to deepen their understanding of content knowledge, mathematical concepts, and stretch their thinking in the world of literacy. Teachers develop instruction that integrates each of the subject areas into a cohesive unit. These units provide students with connected tasks and skills, which allow them to explore how their learning works together. At the end of an instructional timeline, students work together to complete a project based learning task that showcases the skills and developments they have made over the course of the unit.



Somerset Academy JFK is committed to developing the whole child with a focus on developing the skills that are needed to compete in the world of work, continue further education, and have the skills to successfully interact in our community. The school values the need for close communication between families and teachers, and strives to provide its students a safe, caring, and joyful educational environment.

As a member of the Somerset Academy network of high quality charter schools, Somerset JFK is fully accredited by AdvancED under the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS-CASI) division. As with all the schools within the network, Somerset places high expectations for student learning and offers multiple opportunities for all students to acquire requisite knowledge, skills, and attitudes in a safe and nurturing environment. Key to achieving successful learning for all students is the school's implementation of research-based instructional strategies by a highly qualified instructional staff, and the use of innovative resources in a technology-rich setting.

### **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 \$422,618. The fund balance unassigned and available for spending at the School's discretion is \$391,105. 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 \$592,374 (net of accumulated depreciation). This investment in capital assets consists of furniture, fixtures, computers, software and vehicles. As of June 30, 2019, the School had \$69,019 in long-term debt associated to its capital assets.

## Governmental Fund Budget Analysis and Highlights

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

	Governmental Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
Capital grants and contributions	\$ 260,000	\$ 353,172	\$ 354,391
Federal sources	200,772	160,772	165,783
General Revenues			
FTE and other nonspecific revenues	3,697,223	3,771,631	3,772,448
Charges for services and other revenues	26,910	74,900	75,185
Total Revenues	<u>\$ 4,184,905</u>	<u>\$ 4,360,475</u>	<u>\$ 4,367,807</u>
<b>CURRENT EXPENDITURES</b>			
Instruction	\$ 2,297,490	\$ 2,271,942	\$ 2,270,721
Student support services	22,772	17,000	11,277
Instructional staff training	3,000	3,000	2,103
Board	88,000	29,594	29,094
School administration	445,236	453,704	453,673
Fiscal services	78,000	78,855	78,855
Food services	8,326	8,326	8,165
Central services	80,000	117,375	117,003
Student transportation services	5,000	10,000	9,921
Operation of plant	866,146	843,970	844,281
Maintenance of plant	65,000	115,000	114,309
Administrative technology services	-	55,213	54,600
Total Current Expenditures	<u>\$ 3,958,970</u>	<u>\$ 4,003,979</u>	<u>\$ 3,994,002</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.

Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc.)

Statement of Net Position  
June 30, 2019

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and cash equivalents	\$ 20,460
Investments	497,000
Due from other agencies	80,757
Prepaid expenses	31,513
Total Current Assets	<u>629,730</u>
Capital assets, depreciable	850,583
Less: accumulated depreciation	<u>(258,209)</u>
	<u>592,374</u>
Deposit receivable	44,277
Total Assets	<u>1,266,381</u>
 <u>Deferred Outflows of Resources</u>	 <u>-</u>
 <u>Liabilities</u>	
Current liabilities:	
Accounts payable	83,229
Note payable, current portion	23,664
Salaries and wages payable	123,883
Total Current Liabilities	<u>230,776</u>
Note payable	45,355
Total Liabilities	<u>276,131</u>
 <u>Deferred Inflows of Resources</u>	 <u>-</u>
 <u>Net Position</u>	
Net investment in capital assets	523,355
Unrestricted	466,895
Total Net Position	<u>\$ 990,250</u>

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

Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc.)

Statement of Activities  
For the year ended June 30, 2019

FUNCTIONS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Governmental activities:</b>					
Instruction	\$ 2,352,312	\$ -	\$ 165,783	\$ -	\$ (2,186,529)
Student support services	1,277	-	-	-	(1,277)
Instructional staff training	12,103	-	-	-	(12,103)
Board	29,094	-	-	-	(29,094)
School administration	453,831	-	-	-	(453,831)
Fiscal services	78,855	-	-	-	(78,855)
Food services	8,165	-	-	-	(8,165)
Central services	117,003	-	-	-	(117,003)
Student transportation services	33,585	-	-	-	(33,585)
Operation of plant	901,684	-	-	354,391	(547,293)
Maintenance of plant	114,622	-	-	-	(114,622)
Administrative technology services	54,600	-	-	-	(54,600)
<b>Total governmental activities</b>	<b>4,157,131</b>	<b>-</b>	<b>165,783</b>	<b>354,391</b>	<b>(3,636,957)</b>
General revenues:					
					3,772,448
					12,975
					62,210
					210,676
					779,574
					\$ 990,250

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

Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc.)

Balance Sheet - Governmental Funds  
June 30, 2019

	General Fund	Non Major Governmental Funds	Special Revenue Fund	Total Governmental Funds
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 20,460	\$ -	\$ -	\$ 20,460
Investments	497,000	-	-	497,000
Due from other agencies	-	20,378	60,379	80,757
Due from fund	80,757	-	-	80,757
Prepaid expenses	31,513	-	-	31,513
Total Assets	<u>629,730</u>	<u>20,378</u>	<u>60,379</u>	<u>710,487</u>
<b><u>Deferred Outflows of Resources</u></b>				
	-	-	-	-
<b><u>Liabilities</u></b>				
Salaries and wages payable	123,883	-	-	123,883
Accounts payable	83,229	-	-	83,229
Due to fund	-	20,378	60,379	80,757
Total Liabilities	<u>207,112</u>	<u>20,378</u>	<u>60,379</u>	<u>287,869</u>
<b><u>Deferred Inflows of Resources</u></b>				
	-	-	-	-
<b><u>Fund balance</u></b>				
Nonspendable, not in spendable form	31,513	-	-	31,513
Unassigned	391,105	-	-	391,105
	<u>422,618</u>	<u>-</u>	<u>-</u>	<u>422,618</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 629,730</u>	<u>\$ 20,378</u>	<u>\$ 60,379</u>	<u>\$ 710,487</u>

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

Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc.)

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

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Total Fund Balance - Governmental Funds \$ 422,618

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

Capital assets of \$850,583 net of accumulated depreciation of \$258,209 used in governmental activities are not financial resources and therefore are not reported in the fund. 592,374

Long term liability is not due and payable in the current period and, therefore, is not reported in governmental funds. (69,019)

Deposit receivables in governmental activities are not financial resources and therefore are not reported in the governmental fund. 44,277

Total Net Position - Governmental Activities \$ 990,250

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

Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc.)

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

	General Fund	Non Major Governmental Funds	Special Revenue Fund	Total Governmental Funds
<b>Revenues:</b>				
State capital outlay funding	\$ -	\$ 354,391	\$ -	\$ 354,391
State passed through local	3,772,448	-	-	3,772,448
Federal sources	-	-	165,783	165,783
Charge for services and other revenues	75,185	-	-	75,185
<b>Total Revenues</b>	<b>3,847,633</b>	<b>354,391</b>	<b>165,783</b>	<b>4,367,807</b>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	2,114,938	-	155,783	2,270,721
Student support services	1,277	-	-	1,277
Instructional staff training	2,103	-	10,000	12,103
Board	29,094	-	-	29,094
School administration	453,673	-	-	453,673
Fiscal services	78,855	-	-	78,855
Food services	8,165	-	-	8,165
Central services	117,003	-	-	117,003
Student transportation services	9,921	-	-	9,921
Operation of plant	489,890	354,391	-	844,281
Maintenance of plant	114,309	-	-	114,309
Administrative technology services	54,600	-	-	54,600
<b>Capital Outlay:</b>				
Other capital outlay	170,334	-	-	170,334
<b>Debt Service:</b>				
Principal payments	-	23,664	-	23,664
<b>Total Expenditures</b>	<b>3,644,162</b>	<b>378,055</b>	<b>165,783</b>	<b>4,188,000</b>
Excess (deficit) of revenues over expenditures	203,471	(23,664)	-	179,807
<b>Other financing sources (uses):</b>				
Transfers in (out)	(23,664)	23,664	-	-
Net change in fund balance	179,807	-	-	179,807
Fund Balance at beginning of year	242,811	-	-	242,811
Fund Balance at end of year	\$ 422,618	\$ -	\$ -	\$ 422,618

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

Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc.)

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

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Net Change in Fund Balance - Governmental Funds \$ 179,807

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 \$170,334 differed depreciation expense of \$163,129 7,205

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 repayments of \$23,664 exceeded from proceeds of \$0 in the current period. 23,664

Change in Net Position of Governmental Activities \$ 210,676

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



Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc.)

Statement of Net Position - Fiduciary Funds  
June 30, 2019

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	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash	159,421
Total Assets	<u>159,421</u>
<b><u>Deferred Outflows of Resources</u></b>	
	<u>-</u>
<b><u>Liabilities</u></b>	
Due to students and clubs	159,421
Total Liabilities	159,421
<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 these financial statements.

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

### Reporting Entity

Somerset Academy JFK Charter School (the "School"), is a Charter School sponsored by the School Board Palm Beach County, Florida (the "District"). The School's charter was previously held by JFK Medical Center Charter School, Inc. On September 6, 2017, the District approved an amendment for the School's charter to be assigned to Somerset 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 Somerset Academy, Inc., which is composed of seven members and also governs other charter schools. 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 Palm Beach County, Florida. The current charter expires on June 30, 2022 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes. The School is located in Palm Beach County and serves students from kindergarten through eighth grades. These financial statements are for the year ended June 30, 2019, when on average 523 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 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.

### 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 do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, such as student activity fees; (2) operating grants, 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 the federal school lunch program 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*.

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

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

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

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 (See Note 2).

**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

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

Due from Other Governments or Agencies

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

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net 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 a 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:

Building Improvements	20 Years
Furniture, Equipment, Vehicles and Computers	5 Years
Textbooks and Software	3 Years

Compensated Absences

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

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

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

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

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 reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

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

**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 Classifications

*Government-wide financial statements*

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

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation 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 "net investment in capital assets."

*Fund financial statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories list 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). All fund balances at year end related to not in spendable form assets.
- 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.

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

- d) Assigned - fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned – portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Order of Fund Balance Spending Policy

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

Income Taxes

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

Use of Estimates

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

Subsequent Events

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



## **Note 2 – Cash, Cash Equivalents and Investments**

### Deposits

The School maintains its cash and cash equivalents in two financial institutions. As of June 30, 2019, the School's deposits consisted of cash balances of \$7,364.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Somerset Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Somerset Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2019, bank balances in potential excess of FDIC coverage were \$179,911; 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 had \$660,000 balance in the Government money market mutual fund (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.

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

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

**Note 3 – Capital Assets**

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

	Balance 07/01/18	Additions	Retirements/ Reclassifications	Balance 06/30/19
Capital Assets, depreciable:				
Building improvements	\$ 4,005	\$ 56,725	\$ -	\$ 60,730
Computer equipment	247,889	36,148	-	284,037
Vehicles	118,319	-	-	118,319
Furniture, equipment and textbooks	310,036	77,461	-	387,497
Total Capital Assets	<u>680,249</u>	<u>170,334</u>	<u>-</u>	<u>850,583</u>
Less Accumulated Depreciation:				
Building improvements	(601)	(1,114)	-	(1,715)
Computer equipment	(49,347)	(51,941)	-	(101,288)
Vehicles	(23,664)	(23,664)	-	(47,328)
Furniture, equipment and textbooks	(21,468)	(86,410)	-	(107,878)
Total Accumulated Depreciation	<u>(95,080)</u>	<u>(163,129)</u>	<u>-</u>	<u>(258,209)</u>
Capital Assets, net	<u>\$ 585,169</u>	<u>\$ 7,205</u>	<u>\$ -</u>	<u>\$ 592,374</u>

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

Instruction	\$	81,591
School administration		158
Operation of plant		57,403
Maintenance of plant		313
Pupil transportation services		23,664
Total Depreciation Expense	<u>\$</u>	<u>163,129</u>

**Note 4 – Education Service and Support Provider**

Academica Broward, 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. The agreement is with Somerset Academy, Inc. through June 30, 2021, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2019, the School incurred \$235,125 in fees.

Academica Broward, LLC is located at 6340 Sunset Drive, Miami, FL 33143.

**Note 5 – Transactions with Other Divisions of Somerset Academy, Inc.**

Somerset Academy, Inc. charges its affiliated schools an assessment for shared corporate costs and accreditation expenses. Somerset Academy JFK Charter School paid Somerset Academy, Inc. \$78,375 in connection with these charges during the year.

During the year ended June 30, 2019, the School paid Somerset Virtual Academy \$18,403 for educational products and administrative and technology services.

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

Note Payable

On May 26, 2017, the School acquired two school buses from Bright Horizons Children’s Centers LLC with a non-interest bearing promissory note in the amount of \$118,319. Principal payments are due in monthly installments of \$1,972 through 2022. The following schedule provides a summary of changes in long-term debt for the year ended June 30, 2019:

	Balance 07/01/18	Additions	Repayments	Balance 06/30/19
Note Payable	\$ 92,683	\$ -	\$ (23,664)	\$ 69,019
Total Long Term Debt	<u>\$ 92,683</u>	<u>\$ -</u>	<u>\$ (23,664)</u>	<u>\$ 69,019</u>

Maturities of Long-term Debt

2020	\$ 23,664
2021	\$ 23,664
2022	\$ 21,691
	<u>\$ 69,019</u>

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

Lease Agreements

On December 14, 2016, Somerset Academy, Inc. entered into an agreement with Bright Horizons Children’s Centers for its leased premises and certain personal property. On January 1 2017, Somerset Academy, Inc, entered into a sublease agreement with Somerset Academy JFK Charter School for the facilities located at 4696 Davis Road in Lake Worth, Florida, through June 30, 2027. Initial annual fixed rent under this agreement is \$437,750 adjusted annually based on the Consumer Price Index (“CPI”). For 2019, rent expense totaled \$431,966.

Effective June 1, 2017, each installment payment under the base rent of the sublease agreement shall be reduced by the amount equal to the monthly installment payment of \$1,972.

Future minimum payments under the lease agreement are as follows net of monthly note payable installment payments:

<u>Year</u>	
2020	\$ 431,966
2021	\$ 431,966
2022	\$ 433,938
2023	\$ 455,630
2024	\$ 455,630
2025-2027	\$ 1,139,075

Contingencies and Concentrations

The School receives substantially all of its funding from 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 up to 5% of the qualifying revenues of the School. For the year ended June 30, 2019, administrative fees totaled \$91,622.

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

In 2018 the School entered into a food services agreement with the School District of Palm Beach 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 agreement continues through June 4, 2020 unless otherwise terminated earlier.

**Note 7 - Interfund Transfers and Balances**

Interfund transfers are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
To fund debt service fund for principal and interest payments	\$ (23,664)	\$ -	\$ 23,664	\$ -
Total Transfers, net	<u>\$ (23,664)</u>	<u>\$ -</u>	<u>\$ 23,664</u>	<u>\$ -</u>

Due from/(Due to) fund balances are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Due to General Fund from Capital Projects Fund for capital outlay	\$ 20,378	\$ -	\$ -	\$ (20,378)
Due to General Fund from Special Revenue Fund for Title I	60,379	(60,379)	-	-
Total Due from/(Due to)	<u>\$ 80,757</u>	<u>\$ (60,379)</u>	<u>\$ -</u>	<u>\$ (20,378)</u>

**Note 8 – Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, 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 agreement, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

**Note 9 – Defined Contribution Retirement Plan**

The School's personnel, who are leased through ADP Total Source 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 School matches 100% of the employee's contributions up to 4% of employee's compensation. The School contributed \$40,165 to the Plan for the year ended June 30, 2019. The School does not exercise any control or fiduciary responsibility over the Plans' assets, which are administered by Voya Financial.

REQUIRED SUPPLEMENTARY INFORMATION

Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc.)

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

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 3,697,223	\$ 3,771,631	\$ 3,772,448
Charge for services and other revenue	26,910	74,900	75,185
Total Revenues	<u>3,724,133</u>	<u>3,846,531</u>	<u>3,847,633</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	2,117,490	2,115,051	2,114,938
Student support services	2,000	2,000	1,277
Instructional staff training	3,000	3,000	2,103
Board	88,000	29,594	29,094
School administration	445,236	453,704	453,673
Fiscal services	78,000	78,855	78,855
Food services	8,326	8,326	8,165
Central services	80,000	117,375	117,003
Student transportation services	5,000	10,000	9,921
Operation of plant	606,146	490,798	489,890
Maintenance of plant	65,000	115,000	114,309
Administrative technology services	-	55,213	54,600
Total Current Expenditures	<u>3,498,198</u>	<u>3,478,916</u>	<u>3,473,828</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>225,935</u>	<u>367,615</u>	<u>373,805</u>
Capital Outlay			
Other Capital Outlay	<u>50,000</u>	<u>172,000</u>	<u>170,334</u>
Total Expenditures	<u>3,548,198</u>	<u>3,650,916</u>	<u>3,644,162</u>
Excess (Deficit) of Revenues Over Expenditures	175,935	195,615	203,471
Other financing sources (uses):			
Transfers in (out)	<u>(25,000)</u>	<u>(36,119)</u>	<u>(23,664)</u>
Net change in fund balance	150,935	159,496	179,807
Fund Balance at beginning of year	<u>242,811</u>	<u>242,811</u>	<u>242,811</u>
Fund Balance at end of year	<u>\$ 393,746</u>	<u>\$ 402,307</u>	<u>\$ 422,618</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.



Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc.)

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

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Federal sources	\$ 200,772	\$ 160,772	\$ 165,783
Total Revenues	<u>200,772</u>	<u>160,772</u>	<u>165,783</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	180,000	156,891	155,783
Instructional staff training	20,772	15,000	10,000
Total Current Expenditures	<u>200,772</u>	<u>171,891</u>	<u>165,783</u>
Excess of Revenues Over Current Expenditures	<u>-</u>	<u>(11,119)</u>	<u>-</u>
Debt Service:			
Redemption of Principal	<u>25,000</u>	<u>25,000</u>	<u>23,664</u>
Total Expenditures	<u>225,772</u>	<u>196,891</u>	<u>189,447</u>
Excess (Deficit) of Revenues Over Expenditures	(25,000)	(36,119)	(23,664)
Other financing sources (uses)			
Transfers in (out)	<u>25,000</u>	<u>36,119</u>	<u>23,664</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  
Somerset Academy JFK Charter School  
Lake Worth, 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 Somerset Academy JFK Charter School (the "School") as of, and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 10, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting 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.

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## **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 communicated to management in a separate management letter dated September 10, 2019 pursuant to Chapter 10.850, Rules of the Auditor General.

## **Purpose of this Report**

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 10, 2019



## MANAGEMENT LETTER

To the Board of Directors of  
Somerset Academy JFK Charter School  
Lake Worth, Florida

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

We have audited the financial statements of Somerset Academy JFK Charter School as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated September 10, 2019.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

### **Other Reporting Requirements**

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

### **Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There are no findings in the preceding annual financial report.

### **Official Title**

Section 10.854.(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Somerset Academy JFK Charter School, 3395.

**Financial Condition**

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 Somerset Academy JFK Charter School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Somerset Academy JFK Charter School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Somerset Academy JFK Charter School. It is management's responsibility to monitor Somerset Academy JFK Charter School 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 did not have any recommendations.

**Transparency**

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

**Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, 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 have 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 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 10, 2019