



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, 2021

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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

2020-2021

BOARD OF DIRECTORS

Todd German, Director, Board Chair (Florida)  
Ana Diaz, Vice-Chair and Secretary  
David Concepcion, Director  
Dr. Bernard Kimmel, Director  
Brian M. Cox, Director (Texas)

SCHOOL ADMINISTRATION

Sharon B. Hench, Principal



## 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, 2021 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 Somerset Academy JFK Charter School as of June 30, 2021, 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, 2021, 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, 2021 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 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 29, 2021, 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.

**New Accounting Standard Adopted**

In fiscal year 2021, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: Statement No. 84 *Fiduciary Activities*. See Note 1.



Coral Gables, Florida  
September 29, 2021

CERTIFIED PUBLIC ACCOUNTANTS

**Management’s Discussion and Analysis**  
Somerset Academy JFK Charter School  
(A charter school under Somerset Academy, Inc)  
June 30, 2021

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, 2021.

**Financial Highlights**

1. The net position of the School as of June 30, 2021 was \$1,437,419.
2. At year-end, the School had current assets on hand of \$1,337,343.
3. The School had an increase in its net position of \$328,853 for the year ended June 30, 2021.
4. The unassigned fund balance at year end was \$826,669.

**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, 2021 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 - 14 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 15 – 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, assets exceeded liabilities by \$1,437,419 at the close of the fiscal year. A summary of the School's net position as of June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 219,224	\$ 175,994
Investments	760,000	580,000
Prepaid expenses and other current assets	59,714	841
Due from other agencies	298,405	34,912
Capital assets, net	357,530	533,199
Deposit receivable	44,277	44,277
<b>Total Assets</b>	<u>1,739,150</u>	<u>1,369,223</u>
<b>Deferred outflows of resources</b>	-	-
Accounts payable	105,536	83,647
Salaries and wages payable	174,503	139,015
Note payable	21,692	45,356
<b>Total Liabilities</b>	<u>301,731</u>	<u>268,018</u>
<b>Deferred inflows of resources</b>	-	-
<b>Net Position:</b>		
Net investment in capital assets	335,838	487,843
Unrestricted	1,101,581	613,362
<b>Total Net Position</b>	<u>\$1,437,419</u>	<u>\$ 1,101,205</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, 2021 and 2020 is as follows:

<b>REVENUES</b>	<u>2021</u>	<u>2020</u>
Program Revenues		
Capital Grants and Contributions	\$ 441,885	\$ 434,240
Federal Sources	392,612	196,826
Other revenues	10,418	-
General Revenues		
Local Sources (FTE and other non specific)	3,974,867	3,900,347
Charge for services and other revenues	43,996	217,387
<b>Total Revenues</b>	<u>\$ 4,863,778</u>	<u>\$ 4,748,800</u>
 <b>EXPENSES</b>		
Instruction	\$ 2,554,097	\$ 2,739,772
Instructional staff training	-	2,481
Board	29,275	29,281
School administration	502,813	497,638
Fiscal services	77,100	79,125
Food services	7,850	5,957
Central services	103,632	105,902
Student transportation services	33,447	37,834
Operation of plant	1,010,273	911,082
Maintenance of plant	168,463	178,893
Administrative technology services	35,040	49,880
Community services	12,935	-
<b>Total Expenses</b>	<u>4,534,925</u>	<u>4,637,845</u>
Increase in Net Position	328,853	110,955
Net Position at Beginning of Year, as restated	<u>1,108,566</u>	<u>990,250</u>
Net Position at End of Year	<u>\$ 1,437,419</u>	<u>\$ 1,101,205</u>

The School's revenues increased by \$114,978 and expenditures decreased by \$102,920, and its net position increased by \$328,853.

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

The School leases a facility located at 4696 Davis Road, Lake Worth, Florida.

### **Capital Improvement Requirements**

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



## **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 \$886,383. The fund balance unassigned and available for spending at the School's discretion is \$826,669. 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, 2021 amounts to \$357,530 (net of accumulated depreciation). This investment in capital assets consists of furniture, fixtures, computers, software and vehicles. As of June 30, 2021, the School had \$21,692 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	\$ 259,750	\$ 441,900	\$ 441,885
Federal sources	390,150	391,520	392,612
Other revenues	9,000	9,000	10,418
General Revenues			
FTE and other nonspecific revenues	3,837,394	3,972,009	3,974,867
Charges for services and other revenues	30,500	41,520	43,996
Total Revenues	<u>\$ 4,526,794</u>	<u>\$ 4,855,949</u>	<u>\$ 4,863,778</u>
<b>CURRENT EXPENDITURES</b>			
Instruction	\$ 2,488,628	\$ 2,482,595	\$ 2,465,747
Board	29,981	30,775	29,275
School administration	537,582	526,498	517,124
Fiscal services	77,925	77,100	77,100
Food services	8,000	8,000	7,850
Central services	105,925	105,100	103,632
Student transportation services	10,000	10,000	9,783
Operation of plant	796,821	978,971	952,372
Maintenance of plant	144,722	142,000	115,356
Administrative technology services	44,077	36,558	35,040
Community services	15,740	13,895	12,935
Total Current Expenditures	<u>\$ 4,259,401</u>	<u>\$ 4,411,492</u>	<u>\$ 4,326,214</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, 2021

	Primary Government Governmental Activities
<b><u>Assets</u></b>	
Current assets:	
Cash	\$ 219,224
Investments	760,000
Due from other agencies	298,405
Prepaid expenses and other current assets	59,714
Total Current Assets	1,337,343
Capital assets, depreciable	1,027,875
Less: accumulated depreciation	(670,345)
	357,530
Deposit receivable	44,277
Total Assets	1,739,150
<b><u>Deferred Outflows of Resources</u></b>	-
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable	105,536
Note payable, current portion	21,692
Salaries and wages payable	174,503
Total Current Liabilities	301,731
<b><u>Deferred Inflows of Resources</u></b>	-
<b><u>Net Position</u></b>	
Net investment in capital assets	335,838
Unrestricted	1,101,581
Total Net Position	\$ 1,437,419

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, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<b>Governmental activities:</b>					
Instruction	\$ 2,554,097	\$ -	\$ 378,091	\$ -	\$ (2,176,006)
Board	29,275	-	-	-	(29,275)
School administration	502,813	-	-	-	(502,813)
Fiscal services	77,100	-	-	-	(77,100)
Food services	7,850	-	-	-	(7,850)
Central services	103,632	-	-	-	(103,632)
Student transportation services	33,447	-	-	-	(33,447)
Operation of plant	1,010,273	-	-	441,885	(568,388)
Maintenance of plant	168,463	-	14,521	-	(153,942)
Administrative technology services	35,040	-	-	-	(35,040)
Community services	12,935	10,418	-	-	(2,517)
<b>Total governmental activities</b>	<b>4,534,925</b>	<b>10,418</b>	<b>392,612</b>	<b>441,885</b>	<b>(3,690,010)</b>
General revenues:					
FTE and other nonspecific revenues					3,974,867
Other revenues					43,996
Change in net position					328,853
Net position, beginning, as restated					1,108,566
Net position, ending					\$ 1,437,419

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, 2021

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
<b><u>Assets</u></b>				
Cash	\$ 48,303	\$ -	\$ 170,921	\$ 219,224
Investments	760,000	-	-	760,000
Due from other agencies	-	25,634	272,771	298,405
Due from fund	298,405	-	-	298,405
Prepaid expenses	59,714	-	-	59,714
Total Assets	<u>1,166,422</u>	<u>25,634</u>	<u>443,692</u>	<u>1,635,748</u>
<b><u>Deferred Outflows of Resources</u></b>				
	-	-	-	-
<b><u>Liabilities</u></b>				
Salaries and wages payable	174,503	-	-	174,503
Accounts payable	105,536	-	-	105,536
Due to fund	-	25,634	272,771	298,405
Total Liabilities	<u>280,039</u>	<u>25,634</u>	<u>272,771</u>	<u>578,444</u>
<b><u>Deferred Inflows of Resources</u></b>				
	-	-	-	-
<b><u>Fund balance</u></b>				
Nonspendable, not in spendable form	59,714	-	-	59,714
Assigned	-	-	170,921	170,921
Unassigned	826,669	-	-	826,669
	<u>886,383</u>	<u>-</u>	<u>170,921</u>	<u>1,057,304</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,166,422</u>	<u>\$ 25,634</u>	<u>\$ 443,692</u>	<u>\$ 1,635,748</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, 2021

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Total Fund Balance - Governmental Funds \$ 1,057,304

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

Capital assets of \$1,027,875 net of accumulated depreciation of \$670,345 used in governmental activities are not financial resources and therefore are not reported in the fund. 357,530

Long term liability is not due and payable in the current period and, therefore, is not reported in governmental funds. (21,692)

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 \$ 1,437,419

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, 2021

	General Fund	Capital Projects Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues:</b>				
State capital outlay funding	\$ -	\$ 441,885	\$ -	\$ 441,885
State passed through local	3,974,867	-	-	3,974,867
Federal sources	-	-	392,612	392,612
Charge for services and other revenues	43,996	-	10,418	54,414
Total Revenues	<u>4,018,863</u>	<u>441,885</u>	<u>403,030</u>	<u>4,863,778</u>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	2,131,519	-	334,228	2,465,747
Board	29,275	-	-	29,275
School administration	502,603	-	-	502,603
Fiscal services	77,100	-	-	77,100
Food services	7,850	-	-	7,850
Central services	103,632	-	-	103,632
Student transportation services	9,783	-	-	9,783
Operation of plant	510,487	441,885	-	952,372
Maintenance of plant	115,356	-	14,521	129,877
Administrative technology services	35,040	-	-	35,040
Community services	-	-	12,935	12,935
<b>Capital Outlay:</b>				
Other capital outlay	3,700	-	29,342	33,042
<b>Debt Service:</b>				
Principal payments	23,664	-	-	23,664
Total Expenditures	<u>3,550,009</u>	<u>441,885</u>	<u>391,026</u>	<u>4,382,920</u>
Excess (deficit) of revenues over expenditures	468,854	-	12,004	480,858
<b>Other financing sources (uses):</b>				
Transfers in (out)	(151,556)	-	151,556	-
Net change in fund balance	317,298	-	163,560	480,858
Fund Balance at beginning of year, as restated	<u>569,085</u>	<u>-</u>	<u>7,361</u>	<u>576,446</u>
Fund Balance at end of year	<u>\$ 886,383</u>	<u>\$ -</u>	<u>\$ 170,921</u>	<u>\$ 1,057,304</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 Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2021

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Net Change in Fund Balance - Governmental Funds \$ 480,858

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 \$33,042 differed from depreciation expense of \$208,711. (175,669)

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 \$ 328,853

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 five 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, 2021, when on average 514 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. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

### 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. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues, and other miscellaneous sources.

*Fund Financial Statements*

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

*General Fund* - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

*Special Revenue Fund* – accounts for specific revenues, such as federal funding and COVID-19 emergency relief funding that are legally restricted to expenditures for particular purposes. Also, accounts for resources of the School's Internal Fund, which is used to administer monies collected in connection with school, student athletics, class, and club activities.

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

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.

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 follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, *Fair Value Measurement and Application*, and other related standards which establish accounting and financial reporting standards for all investments (see Note 2). Money market investment that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

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.

Prepaid Expenses and Other Assets

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

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 \$1,000 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 the government wide statements. Proceeds received from the sale or disposal of capital assets are recorded as other financing sources in the governmental funds. Estimated useful lives, in years, for depreciable assets are as follows:

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

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

Compensated Absences

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

GASB Codification Section C60, Accounting for Compensated Absences, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefits years. The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

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.

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

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

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

Net Position and Fund Balance Classifications

*Government-wide financial statements*

Equity is classified as net position and displayed in three 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."

When both restricted and unrestricted resources are available for a specific purpose, it is the School's policy to use restricted resources first, until exhausted, before using unrestricted resources.

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

*Fund financial statements*

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories 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 and prepaid expenses.
- 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.
- a) 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.
- b) 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. Assigned fund balances at year-end pertain to the School’s internal account.
- c) 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.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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.

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

New Accounting Standard Adopted

In fiscal year 2021, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: Statement No. 84 *Fiduciary Activities*. See Note 10.

Pronouncements Issued But Not Yet Effective

GASB has issued GASB Statement No. 87 *Leases*, effective fiscal year 2022, that will affect the future financial position, results of operations, or financial presentation of the School upon implementation. The School is currently evaluating the effect that implementation of the new standard will have on its 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 29, 2021, which is the date the financial statements were available to be issued.

**Note 2 – Cash and Investments**

Deposits

The School maintains its cash and cash equivalents in two financial institutions. 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, 2021, bank balances in potential excess of FDIC coverage were \$175,396.

Investments

The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *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, 2021, the School had \$920,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental 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 June 30, 2021, maturities of the fund's portfolio holdings are approximately 79% within 30 days.



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

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.

*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, 2021, 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, 2021:

	Balance 07/01/20	Additions	Retirements/ Reclassifications	Balance 06/30/21
Capital Assets, depreciable:				
Building improvements	\$ 204,980	\$ -	\$ -	\$ 204,980
Computer equipment	284,037	-	-	284,037
Vehicles	118,319	-	-	118,319
Furniture, equipment and textbooks	387,497	33,042	-	420,539
Total Capital Assets	<u>994,833</u>	<u>33,042</u>	<u>-</u>	<u>1,027,875</u>
Less Accumulated Depreciation:				
Building improvements	(34,983)	(39,387)	-	(74,370)
Computer equipment	(156,905)	(58,648)	-	(215,553)
Vehicles	(70,992)	(23,664)	-	(94,656)
Furniture, equipment and textbooks	(198,754)	(87,012)	-	(285,766)
Total Accumulated Depreciation	<u>(461,634)</u>	<u>(208,711)</u>	<u>-</u>	<u>(670,345)</u>
Capital Assets, net	<u>\$ 533,199</u>	<u>\$ (175,669)</u>	<u>\$ -</u>	<u>\$ 357,530</u>

**Note 3 – Capital Assets (continued)**

For the fiscal year ended June 30, 2021, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	88,350
School administration		210
Operation of plant		57,901
Maintenance of plant		38,586
Pupil transportation services		23,664
Total Depreciation Expense	\$	<u>208,711</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, 2022, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2021, the School incurred \$231,300 in fees.

**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. \$77,100 in connection with these charges during the year.

During the year ended June 30, 2021, the School paid Somerset Virtual Academy \$10,038 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, 2021:

	Balance 07/01/20	Additions	Repayments	Balance 06/30/21
Note Payable	<u>\$ 45,356</u>	<u>\$ -</u>	<u>\$ (23,664)</u>	<u>\$ 21,692</u>
Total Long Term Debt	<u>\$ 45,356</u>	<u>\$ -</u>	<u>\$ (23,664)</u>	<u>\$ 21,692</u>

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

Future maturities of long term debt are as follows:

<u>Maturities of Long-term Debt</u>	
2022	<u>\$ 21,692</u>
	<u>\$ 21,692</u>

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”).

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 related to the note payable.

For 2021, rent expense totaled 473,022. Future minimum payments under the lease agreement are as follows net of monthly note payable installment payments:

<u>Year</u>	
2022	\$ 445,730
2023	\$ 467,422
2024	\$ 467,422
2025	\$ 467,422
2026	\$ 467,422
2027	\$ 467,422

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.

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

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, 2021, administrative fees totaled \$96,659.

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.

**Note 7 - Interfund Transfers and Balances**

Interfund transfers are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund
To transfer in beginning internal account balance	\$ (151,556)	\$ 151,556	\$ -
Total Transfers, net	<u>\$ (151,556)</u>	<u>\$ 151,556</u>	<u>\$ -</u>

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

	General Fund	Special Revenue Fund	Capital Projects Fund
Due to General Fund from Capital Projects Fund for capital outlay	\$ 25,634	\$ -	\$ (25,634)
Due to General Fund from Special Revenue Fund for Title I	64,374	(64,374)	-
Due to General Fund from Special Revenue Fund for ESSER II	208,397	(208,397)	-
Total Due from/(Due to)	<u>\$ 298,405</u>	<u>\$ (272,771)</u>	<u>\$ (25,634)</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 \$76,974 to the Plan for the year ended June 30, 2021. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

**Note 10 – Implementation of GASB 84**

As of July 1, 2020, the School implemented GASB Statement No. 84. Fiduciary Activities. This Statement establishes new criteria for identifying fiduciary activities which, when met, require that activities be reported in a fiduciary fund in the basic financial statements. Items previously reported as part of the agency fund classification of the Fiduciary Fund statements were reviewed to evaluate if they met the new custodial funds criteria. The School identified the School’s internal account as non-fiduciary and re-categorized them as assigned in the Special Revenue Fund.

The government-wide net position and fund balances were restated as a result of the implementation of GASB Statement No. 84 as follows:

	Fiscal Year June 30, 2020 <u>Original</u>	GASB Statement No.84	Fiscal Year June 30, 2021 <u>(Restated)</u>
Net change in fund balances	\$ 146,467		\$ 146,467
Fund balances (deficit) at beginning	422,618		422,618
Restatement of beginning fund balances	<u>-</u>	<u>7,361</u>	<u>7,361</u>
Fund balances (deficit) at the end of year	<u>\$ 569,085</u>		<u>\$ 576,446</u>
Change in net position	\$ 110,955		\$ 110,955
Net position (deficit), beginning	990,250		990,250
Restatement of beginning net position	<u>-</u>	<u>7,361</u>	<u>7,361</u>
Net position (deficit), ending	<u>\$ 1,101,205</u>		<u>\$ 1,108,566</u>

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, 2021

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 3,837,394	\$ 3,972,009	\$ 3,974,867
Charge for services and other revenue	30,500	41,520	43,996
Total Revenues	<u>3,867,894</u>	<u>4,013,529</u>	<u>4,018,863</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	2,152,061	2,146,806	2,131,519
Board	29,981	30,775	29,275
School administration	521,441	510,846	502,603
Fiscal services	77,925	77,100	77,100
Food services	8,000	8,000	7,850
Central services	105,925	105,100	103,632
Student transportation services	10,000	10,000	9,783
Operation of plant	537,071	537,071	510,487
Maintenance of plant	144,722	142,000	115,356
Administrative technology services	44,077	36,558	35,040
Total Current Expenditures	<u>3,631,203</u>	<u>3,604,256</u>	<u>3,522,645</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>236,691</u>	<u>409,273</u>	<u>496,218</u>
Debt Service:			
Redemption of Principal	23,664	23,664	23,664
Capital Outlay			
Other Capital Outlay	<u>4,500</u>	<u>4,000</u>	<u>3,700</u>
Total Capital Outlay and Debt Service Expenditures	<u>28,164</u>	<u>27,664</u>	<u>27,364</u>
Total Expenditures	<u>3,659,367</u>	<u>3,631,920</u>	<u>3,550,009</u>
Excess (Deficit) of Revenues Over Expenditures	208,527	381,609	468,854
Other financing sources (uses):			
Transfers in (out)	<u>202</u>	<u>(152,000)</u>	<u>(151,556)</u>
Net change in fund balance	208,729	229,609	317,298
Fund Balance at beginning of year	<u>569,085</u>	<u>569,085</u>	<u>569,085</u>
Fund Balance at end of year	<u>\$ 777,814</u>	<u>\$ 798,694</u>	<u>\$ 886,383</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, 2021

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State capital outlay funding			
Federal sources	\$ 390,150	\$ 391,520	\$ 392,612
Charge for services and other revenues	9,000	9,000	10,418
Total Revenues	399,150	400,520	403,030
<b>EXPENDITURES</b>			
Current:			
Instruction	336,567	335,789	334,228
Maintenance of plant	16,141	15,652	14,521
Community services	15,740	13,895	12,935
Total Current Expenditures	368,448	365,336	361,684
Excess of Revenues Over Current Expenditures	30,702	35,184	41,346
Other Capital Outlay	30,500	30,500	29,342
Total Expenditures	398,948	395,836	391,026
Excess (Deficit) of Revenues Over Expenditures	202	4,684	12,004
Other financing sources (uses)			
Transfers in (out)	(202)	152,000	151,556
Net change in fund balance	-	156,684	163,560
Fund Balance at beginning of year	7,361	7,361	7,361
Fund Balance at end of year	\$ 7,361	\$ 164,045	\$ 170,921

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, 2021

	Capital Projects Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 259,750	\$ 441,900	\$ 441,885
Total Revenues	<u>259,750</u>	<u>441,900</u>	<u>441,885</u>
EXPENDITURES			
Current:			
Operation of plant	259,750	441,900	441,885
Total Current Expenditures	<u>259,750</u>	<u>441,900</u>	<u>441,885</u>
Excess of Revenues Over Current Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>259,750</u>	<u>441,900</u>	<u>441,885</u>
Excess (Deficit) of Revenues Over Expenditures	-	-	-
Other financing sources (uses)			
Transfers in (out)	-	-	-
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>
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, 2021, 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 29, 2021.

**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 as a basis for designing 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.

396 Alhambra Circle, Suite 900, Coral Gables, FL 33134 • Tel: 305.446.3022 • Fax: 305.446.6319  
[www.hlbgravier.com](http://www.hlbgravier.com)

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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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We issued a separate management letter dated September 29, 2021 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.

A handwritten signature in blue ink that reads "HLB Gravier, CPA". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 29, 2021



## 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, 2021 and have issued our report thereon dated September 29, 2021.

### **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 29, 2021, 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 Palm Beach County, Federal and other granting agencies, the Board of Directors, Somerset Academy, Inc. 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 29, 2021