



Somerset Academy Silver Palms at Princeton
W/L #4012
(A charter school under Somerset Academy, Inc.)

Homestead, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2021

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Somerset Academy Silver Palms at Princeton
(A charter school under Somerset Academy, Inc)
W/L#4012

13390 sw 248 st
Homestead, FL 33032

2020-2021

BOARD OF DIRECTORS

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

SCHOOL ADMINISTRATION

Kerri Ann O'Sullivan, Principal

OTHER NON-VOTING CORPORATE OFFICERS

Bernardo Montero, President
Suzette Ruiz, Vice-President



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Somerset Academy Silver Palms at Princeton
Homestead, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Somerset Academy Silver Palms at Princeton (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.

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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 Silver Palms at Princeton 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 Silver Palms at Princeton 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 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.

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 5 through 9 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2021 the School adopted new accounting guidance, GASB No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Handwritten signature in blue ink that reads "HLB Gravier, CPA".

Coral Gables, Florida
September 14, 2021

CERTIFIED PUBLIC ACCOUNTANTS

Management's Discussion and Analysis
Somerset Academy Silver Palms at Princeton
(A Charter school Under Somerset Academy, Inc.)
June 30, 2021

The corporate officers of Somerset Academy Silver Palms at Princeton have prepared this narrative overview and analysis of the school's financial activities for the year ended June 30, 2021.

Financial Highlights

1. The net position of the School at June 30, 2021 was \$3,555,513.
2. At year-end, the School had current assets on hand of \$3,135,996.
3. The School had an increase in its net position of \$882,600 for the year ended June 30, 2021.
4. The unassigned fund balance at year end was \$2,309,194.

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 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 10 - 11 of this report.

Fund Financial Statements

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

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

The Board of the School adopts an annual appropriated budget for its 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 12 – 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, the net position was \$3,555,513 at the close of the fiscal year. A summary of the School's net position as of June 30, 2021 and 2020 follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,141,537	\$ 82,127
Investments	1,530,000	770,000
Prepaid expenses and other current assets	153,696	32,449
Due from other agencies	310,763	44,960
Due from other division of Somerset Academy, Inc.	500,000	1,555,143
Capital Assets, net	<u>313,760</u>	<u>384,825</u>
Total Assets	<u>3,949,756</u>	<u>2,869,504</u>
Deferred outflows of resources	-	-
Salaries and wages payable	192,325	132,406
Accounts payable	201,918	62,667
Due to other divisions of Somerset Academy, Inc.	<u>-</u>	<u>11,118</u>
Total Liabilities	<u>394,243</u>	<u>206,191</u>
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets and long term receivables	813,760	1,939,968
Unrestricted	<u>2,741,753</u>	<u>723,345</u>
Total Net Position	<u>\$ 3,555,513</u>	<u>\$ 2,663,313</u>

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

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2021 and 2020 follows:

	<u>2021</u>	<u>2020</u>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 398,972	\$ 103,455
Capital outlay	331,588	272,412
Lunch Program	146,457	138,975
Charges for Services	108,775	159,156
General Revenues		
Local Sources (FTE and other non specific)	3,921,471	3,031,182
Other Revenues	19,022	19,575
Total Revenues	<u>\$ 4,926,285</u>	<u>\$ 3,724,755</u>
EXPENSES		
Instruction	\$ 2,017,051	\$ 1,913,860
Student Support Services	24,221	-
Board	19,213	27,425
School administration	403,201	281,928
Fiscal services	89,170	59,700
Food services	142,990	142,004
Central services	80,940	66,537
Operation of plant	1,120,147	969,881
Maintenance of plant	132,854	157,234
Community services	13,898	-
Total Expenses	<u>4,043,685</u>	<u>3,618,569</u>
Change in Net Position	882,600	106,186
Net Position at Beginning of Year (as restated)	<u>2,672,913</u>	<u>2,557,127</u>
Net Position at End of Year	<u>\$ 3,555,513</u>	<u>\$ 2,663,313</u>

The School's revenues and expenses increased by \$1,201,530 and \$425,116, respectively as a result of increased enrollment. The School had an increase in its net position of \$882,600 for the year.

School Location and Lease of Facility

The School leases a facility located at 13390 SW 248th St, Miami, FL 33032.

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 \$2,462,890. The fund balance unassigned and available for spending at the School's discretion is \$2,309,194. 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 \$313,760 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture, fixtures and computer equipment. As of June 30, 2021, the School had no long term debt relating to its capital assets.

Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
State capital outlay funding	\$ 292,500	\$ 331,500	\$ 331,588
Federal sources	151,010	152,500	152,780
Lunch program	144,980	145,872	146,457
General Revenues			
FTE and other nonspecific revenues	3,701,865	3,877,354	3,921,471
Charges and other revenues	297,881	114,216	127,797
Total Revenues	<u>4,588,236</u>	<u>4,621,442</u>	<u>4,680,093</u>
CURRENT EXPENDITURES			
Instruction	2,015,043	1,995,691	1,902,013
Student support services	26,152	25,223	24,221
Board	33,781	32,135	19,213
School administration	445,528	440,227	401,141
Fiscal services	73,125	91,200	89,170
Food services	142,781	141,010	140,986
Central services	85,125	85,054	80,940
Operation of plant	1,104,876	1,140,855	1,113,030
Maintenance of plant	150,998	139,112	129,291
Community services	15,454	14,836	13,898
Total Current Expenditures	<u>\$ 4,092,863</u>	<u>\$ 4,105,343</u>	<u>\$ 3,913,903</u>

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Dade, LLC, 6340 Sunset Drive, Miami, Florida, 33143.

Somerset Academy Silver Palms at Princeton
(A charter school under Somerset Academy, Inc.)

Statement of Net Position
June 30, 2021

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 1,141,537
Investments	1,530,000
Prepaid expenses and other current assets	153,696
Due from other agencies	<u>310,763</u>
Total Current Assets	3,135,996
Due from other division of Somerset Academy, Inc.	500,000
Capital assets, depreciable	623,704
Less: accumulated depreciation	<u>(309,944)</u>
	<u>313,760</u>
Total Assets	<u>3,949,756</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	192,325
Accounts payable	<u>201,918</u>
Total Current Liabilities	394,243
Total Long Term Liabilities	
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	
Net investment in capital assets and long term receivables	813,760
Unrestricted	<u>2,741,753</u>
Total Net Position	<u>\$ 3,555,513</u>

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

Somerset Academy Silver Palms at Princeton
(A charter school under Somerset Academy, Inc.)

Statement of Activities
For the year ended June 30, 2021

Primary Government	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Instruction	\$ 2,017,051	\$ 91,762	\$ 360,842	\$ -	\$ (1,564,447)
Student support services	24,221	-	24,221	-	-
Board	19,213	-	-	-	(19,213)
School administration	403,201	-	-	-	(403,201)
Fiscal services	89,170	-	-	-	(89,170)
Food services	142,990	1,311	145,146	-	3,467
Central services	80,940	-	-	-	(80,940)
Operation of plant	1,120,147	-	-	331,588	(788,559)
Maintenance of plant	132,854	-	13,909	-	(118,945)
Community services	13,898	17,013	-	-	3,115
Total governmental activities	4,043,685	110,086	544,118	331,588	(3,057,893)
General revenues:					
FTE and other nonspecific revenues					3,921,471
Investment earnings					245
Other revenues					18,777
<hr/>					
Change in net position					882,600
Net position, beginning (as restated)					2,672,913
Net position, ending					<u>\$ 3,555,513</u>

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

Somerset Academy Silver Palms at Princeton
(A charter school under Somerset Academy, Inc.)

Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Special Revenue Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 1,108,866	\$ 32,671	\$ -	\$ 1,141,537
Investments	1,530,000	-	-	1,530,000
Due from other agencies	22,605	18,388	23,578	64,571
Due from fund	41,966	-	-	41,966
Prepaid expenses	153,696	-	-	153,696
Total Assets	<u>2,857,133</u>	<u>51,059</u>	<u>23,578</u>	<u>2,931,770</u>
<u>Deferred Outflows of Resources</u>				
	-	-	-	-
<u>Liabilities</u>				
Salaries and wages payable	192,325	-	-	192,325
Accounts payable	201,918	-	-	201,918
Due to fund	-	18,388	23,578	41,966
Total Liabilities	<u>394,243</u>	<u>18,388</u>	<u>23,578</u>	<u>436,209</u>
<u>Deferred Inflows of Resources</u>				
	-	-	-	-
<u>Fund balance</u>				
Nonspendable, not in spendable form	153,696	-	-	153,696
Assigned	-	27,200	-	27,200
Restricted	-	5,471	-	5,471
Unassigned	2,309,194	-	-	2,309,194
	<u>2,462,890</u>	<u>32,671</u>	<u>-</u>	<u>2,495,561</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$2,857,133</u>	<u>\$ 51,059</u>	<u>\$ 23,578</u>	<u>\$ 2,931,770</u>

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

Somerset Academy Silver Palms at Princeton
(A charter school under Somerset Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds \$ 2,495,561

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

Capital assets of \$623,704 net of accumulated depreciation
of \$309,944 used in governmental activities are not
financial resources and therefore are not reported in the
fund. 313,760

Receivables in governmental activities that are not collected
within 60 days are not current financial resources and,
therefore, are not reported in the governmental funds. 246,192

Long term receivables and deposits in governmental
activities are not financial resources and therefore are not
reported in the governmental funds 500,000

Total Net Position - Governmental Activities \$ 3,555,513

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

Somerset Academy Silver Palms at Princeton
(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	Special Revenue Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues:				
State capital outlay funding	\$ -	\$ -	\$ 331,588	\$ 331,588
State passed through local	3,921,471	-	-	3,921,471
Federal sources	-	152,780	-	152,780
Lunch program	-	146,457	-	146,457
Charges and other revenues	110,784	17,013	-	127,797
Total Revenues	4,032,255	316,250	331,588	4,680,093
Expenditures:				
Current				
Instruction	1,550,027	351,986	-	1,902,013
Student support services	-	24,221	-	24,221
Board	19,213	-	-	19,213
School administration	401,141	-	-	401,141
Fiscal services	89,170	-	-	89,170
Food services	-	140,986	-	140,986
Central services	80,940	-	-	80,940
Operation of plant	781,442	-	331,588	1,113,030
Maintenance of plant	115,382	13,909	-	129,291
Community services	-	13,898	-	13,898
Capital Outlay:				
Other capital outlay	49,861	8,856	-	58,717
Total Expenditures	3,087,176	553,856	331,588	3,972,620
Excess (deficit) of revenues over expenditures	945,079	(237,606)	-	707,473
Other financing sources (uses)				
Transfers in (out)	(260,677)	260,677	-	-
Collection of long term advances	1,055,143	-	-	1,055,143
Net change in fund balance	1,739,545	23,071	-	1,762,616
Fund Balance at beginning of year (as restated)	723,345	9,600	-	732,945
Fund Balance at end of year	\$ 2,462,890	\$ 32,671	\$ -	\$ 2,495,561

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

Somerset Academy Silver Palms at Princeton
(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

Net Change in Fund Balance - Governmental Funds \$ 1,762,616

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 \$58,717, net of retirements, differed from depreciation expense of \$129,782 during the period. (71,065)

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. This is the amount by which net increase in long-term receivables of \$0 differed from collections of \$1,055,143 in the current period. (1,055,143)

Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds. These revenues did not meet the recognition criteria during the current year and, therefore, were not reported in the governmental funds. 246,192

Change in Net Position of Governmental Activities \$ 882,600

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Somerset Academy Silver Palms at Princeton (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The School's charter is held by 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 Miami-Dade County, Florida. The current charter expires on June 30, 2030 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Miami, Florida for students from grades kindergarten through fifth and is funded by the District. These financial statements are for the year ended June 30, 2021, when on average 509 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 of 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

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 which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. 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 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 revenues, such as federal funding, federal lunch program, 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.

Measurement Focus and Basis of Accounting

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

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Cash and Investments

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

The School has not adopted a formal deposit and investment policy that limits the School’s allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School 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 3). 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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

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 a cost 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 operations. Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	10 Years
Furniture, Equipment and Audiovisual Materials	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 one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days. The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

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 sick days available to be used in future benefits years.

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

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance Classifications

Government-wide financial statements

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

- a) Net investment in capital assets and long term receivables - consists of capital assets net of accumulated depreciation and long term receivables and is 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 balances 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 balances 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.

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with prepaid expenses. All nonspendable fund balances pertain to assets not in spendable form.
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted fund balances at year end pertain to the School's lunch program.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned fund balances pertain to the School's internal account.
- 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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.

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 14, 2021, which is the date the financial statements were available to be issued.

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.

Somerset Academy Silver Palms at Princeton
(A charter school under Somerset Academy, Inc.)
Notes to Financial Statements
June 30, 2021

Note 2 –Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2021:

	Balance 07/01/20	Additions	Retirements/ Reclassifications	Balance 06/30/21
Capital Assets:				
Buildings and Improvements	\$ 54,044	\$ -	\$ (2,829)	\$ 51,215
Audio visual materials	-	29,518	-	29,518
Furniture, equipment and textbooks	520,479	34,693	(12,201)	542,971
Total Capital Assets	<u>\$ 574,523</u>	<u>\$ 64,211</u>	<u>\$ (15,030)</u>	<u>\$ 623,704</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$ (14,222)	\$ (10,243)	\$ 2,048	\$ (22,417)
Audio visual materials	-	(4,920)	-	(4,920)
Furniture, equipment and textbooks	(175,476)	(114,619)	7,488	(282,607)
Total Accumulated Depreciation	<u>\$ (189,698)</u>	<u>\$ (129,782)</u>	<u>\$ 9,536</u>	<u>\$ (309,944)</u>
Capital Assets, net	<u>\$ 384,825</u>	<u>\$ (65,571)</u>	<u>\$ (5,494)</u>	<u>\$ 313,760</u>

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

Instruction	\$ 115,038
School administration	2,060
Food service	2,004
Operation of plant	7,117
Maintenance of Plant	3,563
Total Depreciation Expense	<u>\$ 129,782</u>

Note 3 – Cash and Investments

Deposits

The School maintains its cash and cash equivalents in one financial institution.

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 was \$92,053.

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 \$1,530,000 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.

Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's.

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 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 – Cash, Cash Equivalents and Investments (continued)

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

Note 4 –Education Services and Support Provider Agreement

Academica Dade, LLC, a professional 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. for a period of five years, 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 approximately \$228,600 in fees.

Note 5 –Transactions with other division of Somerset Academy, Inc.

The School’s administrative staff and lunch program is shared with various schools. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements. Management allocates a proportionate share of salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment and usage of facilities and staff. As of June 30, 2021, there is approximately \$11,118 due to Somerset Academy Silver Palms in connection with shared expenses.

The following schedule provides a summary of balance due from Somerset Academy at Silver Palms related to the transfer of assets and allocation of salaries:

	Balance 07/01/20	Additions	Deletions	Balance 06/30/21
Due from Somerset Academy at Silver Palms	\$1,555,143	\$ -	\$ (1,055,143)	\$ 500,000
Total long term receivables	<u>\$1,555,143</u>	<u>\$ -</u>	<u>\$ (1,055,143)</u>	<u>\$ 500,000</u>

Somerset Academy, Inc., (the “Corporation”) charges an assessment to all its affiliated schools for shared corporate costs and accreditation expenses. During the year ended June 30, 2021, the school paid \$76,350 to the Corporation for these shared costs.

Note 6 – Commitments, Contingencies and Concentrations

During 2019, the School entered into a lease with Princeton Church of the Nazarene, Inc. The initial term of the new lease is ten (10) years beginning July 1, 2018 and ending June 30, 2028. The school shall pay to Organization during the Initial Term and each subsequent year of the term, including a renewal term thereafter, and amount of nine hundred fifty dollars per student (\$950) per student, per annum based on a minimum student enrollment. Additionally, to the base rent, the school shall pay to Organization the Per Student Rate, for each student enrolled by the school in excess of the Minimum Student Enrollment. The student rate shall be adjusted annually at each anniversary date of this Agreement, commencing during the second year using Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance.

For 2021, rent expense totaled \$559,295.

Future minimum payments under the facility lease are as follows:

<u>Year</u>	
2022	\$570,000
2023	\$570,000
2024	\$570,000
2025	\$570,000
2026	\$570,000
2027-2028	\$1,140,000 (Total for two year period)

Contingencies and Concentration

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

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2021, administrative fees withheld by the School District totaled \$38,384.

Note 7 – 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 8 - Interfund Transfers and Balances

Interfund transfers as of June 30, 2021 consists of the following:

	General Fund	Special Revenue Fund	Non Major Governmental Funds
To transfer cash balance from internal fund	\$ (14,485)	\$ 14,485	\$ -
To fund ESSER federal expenditures for which revenues were not available	(213,774)	213,774	-
To fund GEER federal expenditures for which revenues were not available	(32,418)	32,418	-
Total Transfers, net	<u>\$ (260,677)</u>	<u>\$ 260,677</u>	<u>\$ -</u>

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

	General Fund	Special Revenue Fund	Non Major Governmental Funds
Due to general fund from capital projects fund for capital outlay	\$ 23,578	\$ -	\$ (23,578)
Due to general fund from special revenue fund for federal grants	18,388	(18,388)	-
Total Due from/(Due to)	<u>\$ 41,966</u>	<u>\$ (18,388)</u>	<u>\$ (23,578)</u>

Note 9– Defined Contribution Retirement Plan

The School’s personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School provides a match of 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$52,403 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.

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 <u> </u>	Fiscal Year June 30, 2021 <u>(Restated)</u>
Net change in fund balances	\$ 136,873		\$ 136,873
Fund balances (deficit) at beginning	586,472		586,472
Restatement of beginning fund balances	<u>-</u>	<u>9,600</u>	<u>9,600</u>
Fund balances (deficit) at the end of year	<u>\$ 723,345</u>		<u>\$ 732,945</u>
Change in net position	\$ 106,186		\$ 106,186
Net position (deficit), beginning	2,557,127		2,557,127
Restatement of beginning net position	<u> </u>	<u>9,600</u>	<u>9,600</u>
Net position (deficit), ending	<u>\$ 2,663,313</u>		<u>\$ 2,672,913</u>

REQUIRED SUPPLEMENTARY INFORMATION

Somerset Academy Silver Palms at Princeton
(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
REVENUES			
State passed through local	\$ 3,701,865	\$ 3,877,354	\$ 3,921,471
Charges and other revenue	282,092	97,444	110,784
Total Revenues	<u>3,983,957</u>	<u>3,974,798</u>	<u>4,032,255</u>
EXPENDITURES			
Current:			
Instruction	1,661,493	1,643,240	1,550,027
Board	33,781	32,135	19,213
School administration	445,528	440,227	401,141
Fiscal services	73,125	91,200	89,170
Central services	85,125	85,054	80,940
Operation of plant	812,376	809,355	781,442
Maintenance of Plant	136,000	125,000	115,382
Total Current Expenditures	<u>3,247,428</u>	<u>3,226,211</u>	<u>3,037,315</u>
Capital Outlay and Debt Service:			
Capital Outlay			
Other Capital Outlay	50,500	50,500	49,861
Total Expenditures	<u>3,297,928</u>	<u>3,276,711</u>	<u>3,087,176</u>
Excess of Revenues Over Expenditures	686,029	698,087	945,079
Other financing sources (uses):			
Transfers in (out)	(250,156)	(261,000)	(260,677)
Collection of long term advances	-	1,055,143	1,055,143
Net change in fund balance	435,873	1,492,230	1,739,545
Fund Balance at beginning of year	<u>723,345</u>	<u>723,345</u>	<u>723,345</u>
Fund Balance at end of year	<u>\$ 1,159,218</u>	<u>\$ 2,215,575</u>	<u>\$ 2,462,890</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 Silver Palms at Princeton
(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
REVENUES			
Federal sources	\$ 151,010	\$ 152,500	\$ 152,780
Lunch program	144,980	145,872	146,457
	15,789	16,772	17,013
Total Revenues	<u>311,779</u>	<u>315,144</u>	<u>316,250</u>
EXPENDITURES			
Current:			
Instruction	353,550	352,451	351,986
Student support services	26,152	25,223	24,221
Food services	142,781	141,010	140,986
Maintenance of plant	14,998	14,112	13,909
Community services	15,454	14,836	13,898
Total Current Expenditures	<u>552,935</u>	<u>547,632</u>	<u>545,000</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>(241,156)</u>	<u>(232,488)</u>	<u>(228,750)</u>
Capital Outlay	9,000	9,000	8,856
Total Expenditures	<u>561,935</u>	<u>556,632</u>	<u>553,856</u>
Excess (Deficit) of Revenues Over Expenditures	(250,156)	(241,488)	(237,606)
Other financing sources (uses)			
Transfers in (out)	<u>250,156</u>	<u>261,000</u>	<u>260,677</u>
Net change in fund balance	-	19,512	23,071
Fund Balance at beginning of year	<u>9,600</u>	<u>9,600</u>	<u>9,600</u>
Fund Balance at end of year	<u>\$ 9,600</u>	<u>\$ 29,112</u>	<u>\$ 32,671</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*

To the Board of Directors of
Somerset Academy Silver Palms at Princeton
Homestead, 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 Silver Palms at Princeton (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 14, 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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We issued a separate management letter dated September 14, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2021



MANAGEMENT LETTER

Board of Directors of
Somerset Academy Silver Palms at Princeton
Homestead, Florida

Report on the Financial Statements

We have audited the financial statements of Somerset Academy Silver Palms at Princeton as of and for the fiscal year ended June 30, 2021 and have issued our report thereon dated September 14, 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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 14, 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. We had no such findings or recommendations in the preceding audit report.

Official Title

Section 10.854.(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Somerset Academy Silver Palms at Princeton, 4012.

Financial Condition and Management

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Somerset Academy Silver Palms at Princeton 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 Silver Palms at Princeton 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 Silver Palms at Princeton. It is management's responsibility to monitor Somerset Academy Silver Palms at Princeton 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 such 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 Silver Palms at Princeton 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 Silver Palms at Princeton 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 14, 2021