

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
(MSID 7039)
MIAMI, FLORIDA
(A CHARTER SCHOOL UNDER TRUE NORTH
CLASSICAL ACADEMY, INC.)

BASIC FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S
REPORT AND SUPPLEMENTAL INFORMATION

JUNE 30, 2023

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2023

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TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
(A Charter School Under True North Classical Academy, Inc.)

9393 Sunset Drive
Miami, FL 33173
(305)749-5725

2022-2023

BOARD OF DIRECTORS

Mr. Luis E. Diaz, Chair
Mr. Rudy Pages, Secretary
Mr. Ernesto Rodriguez, Member
Mr. Kent (Pete) Windhorst, Member

SCHOOL ADMINISTRATION

Ms. Amaris Leal, Head of School



INDEPENDENT AUDITOR'S REPORT

Board of Directors
True North Classical Academy High School
Miami, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of True North Classical Academy High School (the "School"), a charter school under True North Classical Academy, Inc., as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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 True North Classical Academy High School, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but

is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School as of June 30, 2023, and the respective changes in financial position or the year then ended, and is not intended to be a complete presentation of True North Classical Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of True North Classical Academy, Inc. as of June 30, 2023 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 and Note 11, effective July 1, 2023, the District School Board of Miami-Dade County approved for the School to merge with an existing charter school whose charter is also held by True North Classical Academy, Inc. As a result, the operations of the School will continue but will be absorbed under the Master Identification Number (MSID) 1000. As a result, the accompanying financial statements are for the School's final year of operations with respect to reporting under the MSID 7039. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2023 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, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 15, 2023

Management's Discussion and Analysis
True North Classical Academy High School
June 30, 2023

The corporate officers of True North Classical Academy High School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2023, the fourth full year of operations.

FINANCIAL HIGHLIGHTS

1. During its fourth year of operations, the School had an decrease in its net position of \$1,577,737 for the year ended June 30, 2023 and reported a deficit in net position of \$1,420,371.
2. At year-end, the School had current assets of \$1,128,631.
3. Effective July 1, 2023, the School's operations will be absorbed by True North Classical Academy, MSID 1000. As a result, these are the final financial statements of the School under its separate MSID 7039.

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, 2023 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 and liabilities. The difference between the two 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 as soon as the underlying event resulting in the change 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.

Management's Discussion and Analysis
True North Classical Academy High School
June 30, 2023

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.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the School's 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 - 24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2023 and 2022 follows:

Assets	2023	2022
Cash	\$ 848,968	\$ 700,043
Due from other agencies	272,095	730,630
Prepaid expenses	7,568	-
Capital and right-to-use assets, net	6,018,201	5,206,241
Total Assets	<u>\$ 7,146,832</u>	<u>\$ 6,636,914</u>
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 373,369	\$ 264,693
Due to related parties	2,241,493	981,247
Right-to-use liability	5,952,341	5,233,608
Total Liabilities	8,567,203	6,479,548
Net investment in capital and right-to-use assets	65,860	(27,367)
Restricted	13,153	-
Unrestricted	(1,499,384)	184,733
Total Net Position (Deficit)	<u>(1,420,371)</u>	<u>157,366</u>
Total Liabilities and Net Position	<u>\$ 7,146,832</u>	<u>\$ 6,636,914</u>

Management's Discussion and Analysis
True North Classical Academy High School
June 30, 2023

At June 30, 2023, the School's total assets were \$7,146,832 and total liabilities were \$8,567,203. At June 30, 2023, the School reported total deficit in net position of \$1,420,371. This was the School's fourth year of operations.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2023 and 2022 follows:

REVENUES	<u>2023</u>	<u>2022</u>
Program Revenues		
Federal grants	\$ 235,401	\$ 884,488
Capital outlay funding	161,119	128,883
Charges for services and other income	691,932	391,678
General Revenues		
FEFP nonspecific revenue	2,276,024	1,752,794
Local tax referendum	276,107	-
Fundraising and other revenue	132,967	79,683
Total Revenues	<u>3,773,550</u>	<u>3,237,526</u>
 EXPENSES		
Instruction	2,455,368	1,406,323
Student and instructional support services	392,314	275,954
Board	9,750	2,388
General administration	65,288	41,665
School administration	443,140	55,525
Central services	21,395	-
Fiscal services	97,354	146,183
Food services	30,448	24,661
Community services and student extracurricular	868,309	531,165
Pupil transportation services	3,006	1,884
Operation of plant	651,559	320,873
Administrative technology services	29,793	48,869
Interest expense	283,563	149,147
Total Expenses	<u>5,351,287</u>	<u>3,004,637</u>
 Change in Net Position	 (1,577,737)	 232,889
 Net Position (deficit) at Beginning of Year	 <u>157,366</u>	 <u>(75,523)</u>
Net Position (deficit) at End of Year	<u><u>\$ (1,420,371)</u></u>	<u><u>\$ 157,366</u></u>

The School's total revenues for the year ended June 30, 2023 were \$3,773,550 while its total expenses were \$5,351,287 for a net decrease of \$1,577,737. This was the School's fourth full year of operations. The School has continued to invest in curriculum and academic and student programs to ensure future success.

Management's Discussion and Analysis
True North Classical Academy High School
June 30, 2023

ACCOMPLISHMENTS

A True North education seeks for all students to achieve their highest potential through a rigorous, knowledge-rich curriculum that is grounded in the classical liberal arts tradition that holds intellectual and moral virtue as the noblest of aims. Despite the turbulence due to the COVID pandemic, our students achieved their highest potential. Once again, True North will receive an A grade by the Florida Department of Education and will rank as one of the schools in Florida. We had our first year of high school graduates and students were accepted into prestigious universities such as MIT, University of Chicago, Northwestern, Bucknell, Pepperdine, University of Florida and Florida State University.

SCHOOL LOCATION

The School operates in the Miami area located at 9393 Sunset Drive, Miami, FL 33173.

CAPITAL IMPROVEMENT REQUIREMENT

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, *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.

At the end of the fiscal year, the School's governmental funds had an decrease in fund balance of \$1,670,964 and reported a combined fund balance deficit of \$1,486,231.

CAPITAL AND RIGHT-TO-USE ASSETS

The School's investment in capital and right-to-use assets, as of June 30, 2023, amounts to \$6,018,201 (net of accumulated depreciation and amortization). This investment includes leasehold improvements, furniture, textbooks, fixtures and equipment, and an intangible right-to-use asset related to facility use.

Management's Discussion and Analysis
True North Classical Academy High School
June 30, 2023

GOVERNMENTAL FUND BUDGET ANALYSIS

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.

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,435,780	\$ 2,175,117	\$ 2,276,024
Local tax referendum	-	\$ 276,107	276,107
State capital outlay funding	182,228	155,610	161,119
Federal grants	528,967	229,939	235,401
Charges and other local revenues	148,562	132,394	824,899
TOTAL REVENUES	3,295,537	2,969,167	3,773,550
EXPENDITURES			
Instruction	1,719,211	2,447,149	2,438,995
Student and instructional support services	305,014	234,495	392,314
Board	-	-	9,750
General administration	61,358	46,895	65,288
School administration	253,930	331,558	437,611
Central services	-	-	21,395
Fiscal services	75,265	76,930	97,354
Food services	40,404	30,080	30,448
Pupil transportation services	-	-	3,006
Operation of plant	254,403	146,507	481,441
Administrative technology services	28,944	28,944	29,793
Student and extracurricular activities	201,401	231,193	868,309
Capital Outlay	-	-	3,235,221
Debt service	330,193	334,549	352,876
TOTAL EXPENDITURES	3,270,123	3,908,300	8,463,801
Excess of expenditures over revenues	25,414	(939,133)	(4,690,251)
Other financing sources	-	-	3,019,287
Net change in fund balance	\$ 25,414	\$ (939,133)	\$ (1,670,964)

The School's budget was amended during the year to reflect its continued investment in instruction, curriculum and student programs. Due to the implementation of GASB No. 87, Leases, the additional right-of-use assets and liabilities related to leases recorded during the year resulted in the presentation of additional capital outlay and other financing sources, which are not budgeted as the expenditures is accompanied by related income.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Mr. Luis Diaz located at 4627 Ponce de Leon Blvd., Coral Gables, FL 33146.

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 848,968
Due from other agencies	272,095
Prepaid expenses	<u>7,568</u>
TOTAL CURRENT ASSETS	1,128,631
CAPITAL AND RIGHT-TO-USE ASSETS, NET	<u>6,018,201</u>
TOTAL ASSETS	<u><u>\$ 7,146,832</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts and wages payable and accrued liabilities	\$ 373,369
Due to related parties	2,241,493
Right-to-use liability - current portion	<u>70,188</u>
TOTAL CURRENT LIABILITIES	2,685,050
Right-to-use liability - long-term portion	<u>5,882,153</u>
TOTAL LIABILITIES	8,567,203
NET POSITION	
Invested in capital assets, net of related debt	65,860
Restricted	13,153
Deficit in unrestricted	<u>(1,499,384)</u>
TOTAL NET POSITION (DEFICIT)	<u>(1,420,371)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 7,146,832</u></u>

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

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 2,455,368	\$ -	\$ 159,875	\$ -	\$ (2,295,493)
Student and instructional support services	392,314	-	26,096	-	(366,218)
Board	9,750	-	-	-	(9,750)
General administration	65,288	-	-	-	(65,288)
School administration	443,140	-	-	-	(443,140)
Central services	21,395	-	-	-	(21,395)
Fiscal services	97,354	-	-	-	(97,354)
Food services	30,448	22,497	21,104	-	13,153
Pupil transportation services	3,006	-	-	-	(3,006)
Operation of plant	651,559	-	11,814	161,119	(478,626)
Administrative technology services	29,793	-	16,512	-	(13,281)
Student and extracurricular activities	868,309	669,435	-	-	(198,874)
Interest expense	283,563	-	-	-	(283,563)
Total Governmental Activities	\$ 5,351,287	\$ 691,932	\$ 235,401	\$ 161,119	\$ (4,262,835)

GENERAL REVENUES:

Government grants not restricted to specific programs	2,276,024
Local tax referendum	276,107
Other revenues	132,967
Total general revenues	2,685,098

Change in Net Position (1,577,737)

NET POSITION - BEGINNING 157,366

NET POSITION (DEFICIT) - ENDING \$ (1,420,371)

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

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 835,815	\$ 13,153	\$ -	\$ 848,968
Due from other agencies	-	255,738	16,357	272,095
Prepaid expenses	7,568	-	-	7,568
Due from fund	272,095	-	-	272,095
TOTAL ASSETS	<u>\$ 1,115,478</u>	<u>\$ 268,891</u>	<u>\$ 16,357</u>	<u>\$ 1,400,726</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts and wages payable and accrued liabilities	\$ 373,369	\$ -	\$ -	\$ 373,369
Due to related parties, net	2,241,493	-	-	2,241,493
Due to fund	-	255,738	16,357	272,095
TOTAL LIABILITIES	<u>\$ 2,614,862</u>	<u>\$ 255,738</u>	<u>\$ 16,357</u>	<u>\$ 2,886,957</u>
FUND BALANCE				
Nonspendable	7,568	-	-	7,568
Restricted - food program	-	13,153	-	13,153
Unassigned	(1,506,952)	-	-	(1,506,952)
TOTAL FUND BALANCE	<u>\$ (1,499,384)</u>	<u>\$ 13,153</u>	<u>\$ -</u>	<u>\$ (1,486,231)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,115,478</u>	<u>\$ 268,891</u>	<u>\$ 16,357</u>	<u>\$ 1,400,726</u>

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

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2023

Total Fund Balance - Governmental Funds \$ (1,486,231)

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

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

Capital assets	265,815
Accumulated depreciation	(81,303)

Right-to-use assets and liabilities used in governmental
activities are not financial resources or obligations and
therefore are not reported.

Right-to-use asset	5,833,689
Right-to-use liability	(5,952,341)

Total Net Position - Governmental Activities	<u><u>\$ (1,420,371)</u></u>
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The accompanying notes are an integral part of this financial statement.

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Funds	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
State passed through local	\$ 2,276,024	\$ -	\$ -	\$ 2,276,024
Local tax referendum	276,107	-	-	276,107
State capital outlay funding	-	-	161,119	161,119
Federal grants	-	235,401	-	235,401
Charges and other local revenues	132,967	691,932	-	824,899
TOTAL REVENUES	2,685,098	927,333	161,119	3,773,550
EXPENDITURES				
Current:				
Instruction	2,279,120	159,875	-	2,438,995
Student and instructional support services	366,218	26,096	-	392,314
Board	9,750	-	-	9,750
General administration	65,288	-	-	65,288
School administration	437,611	-	-	437,611
Central services	21,395	-	-	21,395
Fiscal services	97,354	-	-	97,354
Food services	-	30,448	-	30,448
Pupil transportation services	3,006	-	-	3,006
Operation of plant	469,627	11,814	-	481,441
Administrative technology services	13,281	16,512	-	29,793
Student and extracurricular activities	-	868,309	-	868,309
Capital Outlay:				
Other capital outlay	195,755	-	-	195,755
Right-of-use (facility)	20,179	-	3,019,287	3,039,466
Debt Service:				
Redemption of principal	-	-	69,313	69,313
Interest	191,757	-	91,806	283,563
TOTAL EXPENDITURES	4,170,341	1,113,054	3,180,406	8,463,801
Excess of revenues over (under) expenditures	(1,485,243)	(185,721)	(3,019,287)	(4,690,251)
OTHER FINANCING SOURCES				
Transfers (out) in	(198,874)	198,874	-	-
Increase in right-of-use liability	-	-	3,019,287	3,019,287
Total other financing sources	(198,874)	198,874	3,019,287	3,019,287
NET CHANGE IN FUND BALANCE	(1,684,117)	13,153	-	(1,670,964)
Fund deficit at beginning of year	184,733	-	-	184,733
Fund balance at end of year	<u>\$ (1,499,384)</u>	<u>\$ 13,153</u>	<u>\$ -</u>	<u>\$ (1,486,231)</u>

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

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
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, 2023

Change in Fund Balance - Governmental Funds	\$ (1,670,964)
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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.

Capital outlays	195,755
Depreciation expense	(29,974)

In the statement of activities, amortization of the right-to-use
asset is reported as an expense over the estimated life of the
lease, however, in the governmental funds report it is not
included as an expense. Repayment of debt principal related
to right-to-use liabilities is an expenditure on the governmental
funds, but decreases the long-term liability in the statement of
net position. Right-to-use asset/liability adjustments due to
modifications are a reconciling item as the governmental fund
balance sheet does not include these assets or liabilities.

Amortization, net of adjustments	(141,867)
Redemption of principal	69,313

Change in Net Position of Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ (1,577,737)</div>
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The accompanying notes are an integral part of this financial statement.

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

True North Classical Academy High School, (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 True North Classical Academy, Inc. (the “Organization”), a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors, which is comprised of four members.

The basic financial statements of the School present only the balances, activity, and disclosures related to the School. The basic financial statements do not purport to, and do not, present fairly the financial position of the Organization as of June 30, 2023, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida. The current charter is effective until June 30, 2024. However, effective July 1, 2023, the District approved for the operations of the School to merge with an existing charter school under the Organization. As a result, the School will continue to operate, but its operations will be absorbed under True North Classical Academy, whose Master Identification Number (MSID) is 1000 and whose charter agreement is effective through June 30, 2025. See Note 11.

These financial statements are for the year ended June 30, 2023 when approximately 300 students were enrolled in the 9th and 12th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

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 for the School as a whole. 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 and contributions which finance annual operating activities, and (3) capital grants and contributions that fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, liabilities, equity, revenues, and expenditures. Major individual governmental funds, namely, the general, special revenue, and capital projects funds are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects, such as federal funding, federal lunch program, and COVID-19 emergency relief funding. Also, monies collected in connection with school, student athletics, class and club activities and organizations (school internal accounts) are reported in this fund.

Capital Projects Fund – used to account for financial resources used for acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of True North Classical Academy High School, (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 Guidelines*.

The government-wide statements report using the economic resources measurement focus and the 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. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 current liabilities. The School considers revenues to be available if they are collected within 90 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. 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.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay). Any revisions to the annual budget are approved by the board.

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The School's cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Due from Other Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state, or other sources.

Advanced Grants

Grants received in advance of meeting eligibility requirements are reported as advanced grants.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$500 per unit on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	7 Years
Textbooks	3 Years
Leasehold improvements	5 Years

Compensated Absences

All full time employees are eligible for paid time off (PTO). Temporary and part-time employees are not eligible. PTO accumulates in relationship to all regular hours actually worked. Salaried employees will be granted PTO within the contract/agreement with the organization. If an employee uses all PTO allotted to them, any additional sick days will be without pay. 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 days available to be used in future benefit 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.

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Fund Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital and right-to-use assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. Also, includes right-to-use assets, net of amortization, reduced by the right-to-use liability. The net investment in capital assets for the year ending June 30, 2023, was \$65,860.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments less related liabilities and deferred inflows of resources. There restricted net position at June 30, 2023 was \$13,153 and is related to the food program.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2023, the nonspendable fund balance was \$7,568.
- 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. At June 30, 2023, there restricted fund balance was \$13,153.
- 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. At June 30, 2023, there is no committed fund balance.
- 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. At June 30, 2023, there was no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First, Non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2023, there are no minimum fund balance requirements for any of the School's funds.

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

Revenues for operations will be 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 Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods.

The School may also receive 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 expensed. Additionally, other revenues may be derived from various fundraising activities and certain fee-based child-care and athletic programs. Revenues from these programs are recognized when earned. Any payments received in advance of provided the program service are recorded as deferred revenues until the program occurs.

Income Taxes

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

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Adopted Pronouncements

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The School implemented the standard effective July 1, 2022. The implementation did not have an effect on its financial statements.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 15, 2023, which is the date the financial statements were available to be issued. See Note 11.

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – CAPITAL AND RIGHT-TO-USE ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets				
Leasehold improvements	\$ 17,900	\$ 56,048	\$ -	\$ 73,948
Furniture and equipment	18,865	9,744	-	28,609
Vehicles	-	38,500	-	38,500
Textbooks	33,295	91,463	-	124,758
Total Capital Assets	<u>\$ 70,060</u>	<u>\$ 195,755</u>	<u>\$ -</u>	<u>\$ 265,815</u>
Less Accumulated Depreciation				
Leasehold improvements	\$ (3,580)	\$ (3,580)	\$ -	\$ (7,160)
Furniture and equipment	(15,583)	(5,529)	-	(21,112)
Vehicles	-	(4,492)	-	(4,492)
Textbooks	(32,166)	(16,373)	-	(48,539)
Total Accumulated Depreciation	<u>\$ (51,329)</u>	<u>\$ (29,974)</u>	<u>\$ -</u>	<u>\$ (81,303)</u>
Capital Assets, net	<u>\$ 18,731</u>	<u>\$ 165,781</u>	<u>\$ -</u>	<u>\$ 184,512</u>

Depreciation expense for the year ended June 30, 2023, was \$29,974, of which \$5,529 was allocated to school administration, \$8,072 was allocated to operation of plant, and \$16,373 was allocated to instruction.

The following schedule provides changes in right-to-use assets (see Note 6):

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Right-to-use assets				
Right-to-use asset- Facilities	\$ 5,287,490	\$ 3,019,287	\$ (2,270,820)	\$ 6,035,957
Total Right-to-use assets	<u>\$ 5,287,490</u>	<u>\$ 3,019,287</u>	<u>\$ (2,270,820)</u>	<u>\$ 6,035,957</u>
Less accumulated amortization				
Right-to-use asset- Facilities	(99,980)	(162,046)	59,758	(202,268)
Total accumulated amortization	<u>(99,980)</u>	<u>(162,046)</u>	<u>59,758</u>	<u>(202,268)</u>
Right-to-use assets, net	<u>\$ 5,187,510</u>	<u>\$ 2,857,241</u>	<u>\$ (2,211,062)</u>	<u>\$ 5,833,689</u>

Amortization expense for the year ended June 30, 2023 was \$162,046, which was allocated to operation of plant.

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 – DUE FROM OTHER AGENCIES

Amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds mainly consist of amounts due from the District under the Elementary and Secondary School Emergency Relief fund (“ESSER”), which total \$232,230. These receivables are considered fully collectible and as such, no allowance for uncollectible accounts is recorded.

NOTE 5 – TRANSACTIONS WITH RELATED PARTIES

The Organization operates four other charter schools: True North Classical Academy, True North Classical Academy at Dadeland, True North Classical Academy at Pinecrest and True North Classical Academy at Gateway. During 2023, the School shared its facility with True North Classical Academy (see Note 6). Through the Board, management allocates a proportionate share of certain administrative salaries, leases, lunch receipts, food and other expenses based on student enrollment and usage of facilities. The Organization and its other charter schools also advance and repay amounts to the School and vice versa.

The Organization charges its affiliate schools an assessment fee of \$500 per student for fiscal and administrative services. During the year ended June 30, 2023, the School was charged \$178,000 in connection with these services, which is included in fiscal services. In addition, the Organization charges rent to the School for a portion of the facilities (see Note 6).

Amounts due to from related parties at June 30, 2023 are as follows:

True North Classical Academy, Inc.	\$ (535,008)
True North Classical Academy	(1,173,753)
True North Classical Academy at Dadeland	(532,277)
True North Classical Academy at Gateway	(455)
Total due to related parties, net	<u><u>\$ (2,241,493)</u></u>

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Facility Leases

In 2018, the Organization entered into an agreement with Sunset Chapel, Inc. to lease educational facilities through June 30, 2059. The agreement requires monthly lease payments equal to \$800 per student up to 362 students, plus a fee of \$250 per student above 362 students during years 26 through 40. The lease has a minimum annual rent guarantee of \$289,600 throughout the entire term of the lease. This facility is shared with True North Classical Academy (a separate charter school under True North Classical Academy, Inc.). Payments for the lease agreement are allocated between the schools based on enrollment and usage of the facility. At the start of the 2022-2023 year, the Organization modified the allocation percentage from the year prior based on updated enrollment and usage, resulting in an adjustment to the right-of-use asset and liability. The allocation used for the year ended June 30, 2023 was approximately 50% for the School and 50% for True North Classical Academy. During the year ended June 30, 2023, the amount paid by the School for the use of the facilities was approximately \$170,000.

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)

In accordance with the lease agreement, the Organization funded the construction of additional facilities and improvements to existing facilities on the leased property, which allowed the School to expand and utilize additional space. The additional facilities are also shared with True North Classical Academy. Commencing January 2022, the School shall pay monthly rent of \$13,838 to the Organization for use of the additional facilities, which is 15% of the Organization's debt service obligations under financing arrangements undertaken to fund the expansion. The percentage is based upon the School's usage of the additional facilities. Monthly rent shall be paid through December 1, 2030, the date in which the financing obligations mature, at which point the School will continue to pay rent to the Organization for continued use of the additional facilities through the end of the lease term with Sunset Chapel, Inc., June 30, 2059.

The School has implemented GASB No. 87 *Leases* and as a result, has recorded a right-to-use asset and liability in these financial statements related to its facility agreements. The School used an interest rate of 4.5% based on the average incremental borrowing rate of the Organization to discount the annual lease payments and recognize the intangible right to use the leased assets and related lease liability and the lease liability as of lease commencement or modification dates. During the year ended June 30, 2023, the interest expense related to the right to use liability was \$283,563 and the amortization expense of the right to use assets was \$162,046.

Annual requirements to amortize the lease liability and related interest are estimated as follows:

Fiscal Year Ended	Principal	Interest	Total	
2024	\$ 70,188	\$ 270,167	\$ 340,355	
2025	62,288	278,068	340,356	
2026	66,982	273,374	340,356	
2027	68,439	271,917	340,356	
2028	71,740	268,616	340,356	
2029-2033	419,284	1,287,216	1,706,500	(Total for 5 Year Period)
2034-2038	532,279	1,175,401	1,707,680	(Total for 5 Year Period)
2039-2043	673,983	1,033,698	1,707,680	(Total for 5 Year Period)
2044-2048	926,526	847,234	1,773,760	(Total for 5 Year Period)
2049-2053	1,195,409	594,871	1,790,280	(Total for 5 Year Period)
2054-2058	1,516,245	273,914	1,790,159	(Total for 5 Year Period)
2059	348,978	9,087	358,065	
	<u>\$ 5,952,341</u>	<u>\$ 6,583,564</u>	<u>\$ 12,535,904</u>	

Changes in the long-term right-to-use liability during the year are as follows:

	Balance at July 1, 2022	Additions	Repayments	Adjustments	Balance at June 30, 2023
Right-to-use- Liability	\$ 5,233,608	\$ 3,019,287	\$ (69,313)	\$ (2,231,241)	\$ 5,952,341
	<u>\$ 5,233,608</u>	<u>\$ 3,019,287</u>	<u>\$ (69,313)</u>	<u>\$ (2,231,241)</u>	<u>\$ 5,952,341</u>

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 – INTERFUND TRANSFERS

Interfund 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. Interfund transfers in governmental funds as of June 30, 2023 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
Due to General Fund from Special Revenue Fund for COVID-19 (ESSER) Grants	\$ 255,738	\$ (255,738)	\$ -
Due to General Fund from Capital Projects Fund for Capital Outlay	15,205	-	(15,205)
Total Due from/(Due to) Funds	<u>\$ 270,943</u>	<u>\$ (255,738)</u>	<u>\$ (15,205)</u>
To reimburse the Special Revenue Fund for the School's internal accounts	(198,874)	198,874	-
Total transfers, net	<u>\$ (198,874)</u>	<u>\$ 198,874</u>	<u>\$ -</u>

NOTE 8 – DEPOSITS POLICY AND CREDIT RISK

Cash and cash equivalents are maintained in two financial institutions. It is the School’s policy to maintain its cash and cash equivalents in major banks and in high-grade investments. As of June 30, 2023, the bank balance of the School’s cash deposit accounts was \$840,922. The School is a charter school under the Organization, which also operates two other charter schools. All bank accounts are opened under the account ownership of the Organization, therefore, bank balances at times may potentially be in excess of Federal Depository Insurance Corporation (FDIC) coverage. As of June 30, 2023, bank balances of the School in potential excess of FDIC coverage was approximately \$530,000.

NOTE 9 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state, and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 10 – 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 in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

NOTE 11 – SUBSEQUENT EVENT

As discussed in Note 1, effective July 1, 2023, the District approved for the School to merge with an existing charter school, whose charter is also held by the Organization. As a result, the School’s operations, net position and fund balance at July 1, 2023 will be absorbed by True North Classical Academy MSID # 1000.

REQUIRED SUPPLEMENTAL INFORMATION

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,435,780	\$ 2,175,117	\$ 2,276,024
Local tax referendum	-	276,107	276,107
Charges and other local revenues	457	354	132,967
TOTAL REVENUES	<u>2,436,237</u>	<u>2,451,578</u>	<u>2,685,098</u>
EXPENDITURES			
Instruction	1,235,982	2,262,608	2,279,120
Student and instructional support services	305,014	234,495	366,218
Board	-	-	9,750
General administration	61,358	46,895	65,288
School administration	253,930	331,558	437,611
Central services	-	-	21,395
Fiscal services	75,265	76,930	97,354
Pupil transportation services	-	-	3,006
Operation of plant	254,403	146,507	469,627
Administrative technology services	28,944	28,944	13,281
Capital outlay	-	-	215,934
Debt service	147,965	178,939	191,757
TOTAL EXPENDITURES	<u>2,362,861</u>	<u>3,306,876</u>	<u>4,170,341</u>
Change in fund balance before other financing sources	73,376	(855,298)	(1,485,243)
Transfer out	<u>(53,296)</u>	<u>(98,785)</u>	<u>(198,874)</u>
Net change in fund balance	<u>\$ 20,080</u>	<u>\$ (954,083)</u>	<u>\$ (1,684,117)</u>

See accompanying note to the required supplemental information.

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal grants	\$ 528,967	\$ 229,939	\$ 235,401
Charges and other local revenues	148,105	132,040	691,932
TOTAL REVENUES	677,072	361,979	927,333
EXPENDITURES			
Instruction	483,229	184,541	159,875
Student and instructional support services	-	-	26,096
Food services	40,404	30,080	30,448
Operation of plant	-	-	11,814
Administrative technology services	-	-	16,512
Student and extracurricular activities	201,401	231,193	868,309
TOTAL EXPENDITURES	725,034	445,814	1,113,054
Change in fund balance before other financing sources	(47,962)	(83,835)	(185,721)
Transfer in	53,296	98,785	198,874
Net change in fund balance	\$ 5,334	\$ 14,950	\$ 13,153

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2023, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).



Verdeja • De Armas • Trujillo • Alvarez

Certified Public Accountants & Advisors



Manny Alvarez, C.F.F., C.P.A.
Monique Bustamante, C.P.A.
Pedro M. De Armas, C.P.A.
Alejandro M. Trujillo, C.P.A.
Javier Verdeja, C.P.A.
Octavio A. Verdeja, C.P.A.
Tab Verdeja, C.F.F., C.P.A.

Octavio F. Verdeja, Founder - 1971

Armando Aburto, C.P.A.
Jorge Albeirus, C.P.A.
Viviana Bruno, C.P.A.
Lisset I. Cascudo, C.P.A.
Michelle del Sol, C.F.E., C.P.A.
Elizabeth Jarvis, C.P.A.
Cristy C. Rubio, C.P.A.
Pedro L. Silva, C.P.A.
Michael Vildosola, C.P.A.

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*

Board of Directors of
True North Classical Academy High School
Miami, 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, and each major fund of True North Classical Academy High School (the "School"), as of and for the year ended June 30, 2023, 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 15, 2023.

Report on 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 (internal control) 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.

Report on 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*.

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.

Coral Gables, Florida
September 15, 2023



CERTIFIED PUBLIC ACCOUNTANTS



MANAGEMENT LETTER

Board of Directors of
True North Classical Academy High School
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of True North Classical Academy High School (the "School"), a component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2023 and have issued our report thereon dated September 15, 2023.

Auditor's Responsibility

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; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 15, 2023 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 were no findings and recommendations made in the preceding annual financial 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 school code of the entity is True North Classical Academy High School, 137039.

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 the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the 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 the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied, in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2023 is not deteriorating. However, this is the final year of operations of the School under the MSID # 7039, as the District School Board of Miami-Dade County approved a merger of the School's operations with True North Classical Academy, MSID # 1000. Please refer to Notes 1 and 11 of the financial statements for more information.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, it was noted that the School has a deficit in both net position and fund balance as of June 30, 2023. However, as mentioned above, this is the final year that the School will be presenting stand-alone financial statements under the MSID #7039 and therefore, findings and recommendations were not included in this report. The deficit in fund balance and net position will be absorbed effecting July 1, 2023 by True North Classical Academy, MSID # 1000.

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 the 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 the 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 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 the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management and True North Classical Academy, Inc. 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 15, 2023