

**TRUE NORTH CLASSICAL ACADEMY AT
PINECREST (MSID 1019)
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 AT PINECREST
(MSID 1019)
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2023**

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**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
(MSID 1019)**
(A Charter School Under True North Classical Academy, Inc.)

7500 SW 120th Street
Miami, FL 33156
(305)749-5725

2022-2023

BOARD OF DIRECTORS

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

SCHOOL ADMINISTRATION

Ms. Monica Suarez, Head of School



INDEPENDENT AUDITOR'S REPORT

Board of Directors
True North Classical Academy at Pinecrest
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 at Pinecrest (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 at Pinecrest, 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.

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 at Pinecrest
June 30, 2023

The corporate officers of True North Classical Academy at Pinecrest (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2023, the first year of operations.

FINANCIAL HIGHLIGHTS

1. During its first year of operations, the School had a decrease in its net position of \$112,894 for the year ended June 30, 2023.
2. At year-end, the School had current assets of \$362,203.
3. The School had a combined fund balance deficit of \$103,878 at June 30, 2023.

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.

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.

Management's Discussion and Analysis
 True North Classical Academy at Pinecrest
 June 30, 2023

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 - 22 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:

Assets	2023
Cash	\$ 109,589
Due from other agencies	252,614
Deposits receivable and other assets	242,304
Capital and right-to-use assets, net	1,338,345
Total Assets	\$ 1,942,852
 Liabilities and Net Position	
Accounts and wages payable and accrued liabilities	\$ 60,222
Right-to-use liability	1,347,361
Due to related parties	648,163
Total Liabilities	2,055,746
Net investment in capital assets	(9,016)
Unrestricted	(103,878)
Total Net Position	(112,894)
 Total Liabilities and Net Position	 \$ 1,942,852

At June 30, 2023, the School's total assets were \$1,942,852 and total liabilities were \$2,055,746. At June 30, 2023, the School reported total deficit in net position of \$112,894. This was the School's first year of operations.

Management's Discussion and Analysis
 True North Classical Academy at Pinecrest
 June 30, 2023

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

REVENUES	<u>2023</u>
Program Revenues	
Federal grants	\$ 251,041
Capital outlay funding	37,303
Charges for services and other grants	57,877
General Revenues	
FEFP nonspecific revenue	588,887
Local tax referendum	63,926
Fundraising and other revenue	5,828
Total Revenues	<u>1,004,862</u>
EXPENSES	
Instruction	318,431
Student and instructional support services	23,102
General administration	15,808
School administration	178,387
Central services	5,540
Fiscal services	9,868
Food services	21,750
Operation of plant	450,161
Administrative technical services	5,900
Community services	18,867
Extracurricular and student activities	5,737
Interest expense	64,205
Total Expenses	<u>1,117,756</u>
Change in Net Position	(112,894)
Net Position at Beginning of Year	<u>-</u>
Net Position (Deficit) at End of Year	<u>\$ (112,894)</u>

The School's total revenues for the year ended June 30, 2023 were \$1,004,862 while its total expenses were \$1,117,756 for a net decrease of \$112,894. This was the School's first full year of operations, in which the School had 69 students enrolled during 2022-2023.

Management's Discussion and Analysis
True North Classical Academy at Pinecrest
June 30, 2023

TRUE NORTH PINECREST

True North Classical Academy at Pinecrest opened as a K-1 this year due to overwhelming parent and student demand for a classical education. 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. The school had amongst the highest testing scores in the county for the statewide STAR testing.

True North's unique mission is palpable in the school culture. Parents were exceptionally appreciative of the moral and joyful environment. This was reflected in the parental survey, which showed that 98% of parents rated the school an A or B on the question of "my child enjoys attending True North", and "True North positively shaped their children's character". The high level of parental enthusiasm is a fundamental reason the School's reputation so quickly spread and resulted in over 600 students applying for the 2023-2024 school year.

SCHOOL LOCATION

The School operates in the Miami area located at 7500 SW 120th Street. Miami, FL 33156.

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 a decrease in fund balance of \$103,878 and reported a combined fund balance deficit of \$103,878 in its first full year of operations.

CAPITAL AND RIGHT-TO-USE ASSETS

The School's investment in capital and right-to-use assets, as of June 30, 2023, amounts to \$1,338,345 (net of accumulated depreciation and amortization). This investment includes the right-to-use facilities of \$1,206,017, net of accumulated amortization and furniture, textbooks and equipment of \$132,328, net of accumulated depreciation.

Management's Discussion and Analysis
 True North Classical Academy at Pinecrest
 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	\$ 564,396	\$ 687,567	\$ 588,887
Local tax referendum	-	-	63,926
State capital outlay funding	39,900	36,225	37,303
Federal grants	5,000	452,500	251,041
Charges for services	37,372	33,931	57,877
Fundraising and other income	-	-	5,828
TOTAL REVENUES	646,668	1,210,223	1,004,862
EXPENDITURES			
Instruction	264,332	299,088	308,472
Student and instructional support services	5,925	20,000	23,102
General administration	-	-	15,808
School administration	100,523	198,423	163,481
Central services	-	5,540	5,540
Fiscal services	27,400	28,556	9,868
Food services	17,166	27,585	21,750
Operation of plant	195,485	108,476	179,422
Administrative technical services	14,700	14,700	5,900
Community services	25,614	23,254	18,867
Extracurricular and student activities	4,834	4,390	5,737
Other capital outlay	-	207,500	1,633,949
Debt service	74,630	51,704	193,600
TOTAL EXPENDITURES	730,609	989,216	2,585,496
Change in fund balance	(83,941)	221,007	(1,580,634)
Other financing sources	-	-	1,476,756
Net change in fund balance	<u>\$ (83,941)</u>	<u>\$ 221,007</u>	<u>\$ (103,878)</u>

The School's original budgeted change in fund balance was consistent with actual results. The budget was amended to include anticipated federal awards and actual results were less than anticipated. The original and final budgets also did not account for the increase in capital outlay expenditures, debt service and other financing sources due to the recording of right-to-use assets.

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 AT PINECREST
STATEMENT OF NET POSITION
JUNE 30, 2023

Governmental
Activities

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 109,589
Due from other agencies	252,614
TOTAL CURRENT ASSETS	<u>362,203</u>

CAPITAL AND RIGHT-TO-USE ASSET, NET	<u>1,338,345</u>
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Deposit receivable and other assets	<u>242,304</u>
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TOTAL ASSETS	<u><u>\$ 1,942,852</u></u>
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LIABILITIES AND NET POSITION

LIABILITIES

Accounts payable and accrued liabilities	\$ 60,222
Due to related parties	648,163
Right-to-use liability - current portion	<u>280,413</u>
TOTAL CURRENT LIABILITIES	988,798

Right-to-use liability - long-term portion	<u>1,066,948</u>
TOTAL LIABILITIES	2,055,746

NET POSITION

Invested in capital and right-to-use assets, net of related debt	(9,016)
Deficit in unrestricted	<u>(103,878)</u>
TOTAL NET POSITION (DEFICIT)	<u>(112,894)</u>

TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,942,852</u></u>
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The accompanying notes are an integral part of this financial statement.

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
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	318,431	\$ -	\$ 52,408	\$ -	\$ (266,023)
Student and instructional support services	23,102	-	19,393	-	(3,709)
General administration	15,808	-	-	-	(15,808)
School administration	178,387	-	154,810	-	(23,577)
Central services	5,540	-	-	-	(5,540)
Fiscal services	9,868	-	2,700	-	(7,168)
Food services	21,750	4,390	7,908	-	(9,452)
Operation of plant	450,161	-	13,822	37,303	(399,036)
Administrative technical services	5,900	-	-	-	(5,900)
Community services	18,867	49,475	-	-	30,608
Extracurricular and student activities	5,737	4,012	-	-	(1,725)
Interest expense	64,205	-	-	-	(64,205)
Total Governmental Activities	\$ 1,117,756	\$ 57,877	\$ 251,041	\$ 37,303	\$ (771,535)

GENERAL REVENUES:

Government grants not restricted to specific programs	588,887
Local tax referendum	63,926
Fundraising and other revenue	5,828
Total general revenues	<u>658,641</u>
Change in Net Position	(112,894)
NET POSITION - BEGINNING	<u>-</u>
NET POSITION (DEFICIT) - ENDING	<u>\$ (112,894)</u>

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

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 109,589	\$ -	\$ -	\$ 109,589
Due from other agencies	3,547	243,133	5,934	252,614
Due from fund	249,067	-	-	249,067
Deposit receivable and other assets	242,304	-	-	242,304
TOTAL ASSETS	604,507	243,133	5,934	853,574
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 60,222	\$ -	\$ -	\$ 60,222
Due to related parties	648,163	-	-	648,163
Due to fund	-	243,133	5,934	249,067
TOTAL LIABILITIES	708,385	243,133	5,934	957,452
FUND BALANCE				
Nonspendable	242,304	-	-	242,304
Deficit in Unassigned	(346,182)	-	-	(346,182)
TOTAL FUND BALANCE (DEFICIT)	\$ (103,878)	\$ -	\$ -	\$ (103,878)
TOTAL LIABILITIES AND FUND BALANCE	\$ 604,507	\$ 243,133	\$ 5,934	\$ 853,574

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

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2023**

Total Fund Balance Deficit - Governmental Funds \$ (103,878)

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	157,193
Accumulated depreciation	(24,865)

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	1,206,017
Right-to-use liability	(1,347,361)

Total Deficit in Net Position - Governmental Activities	\$ (112,894)
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The accompanying notes are an integral part of this financial statement.

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
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	\$ 588,887	\$ -	\$ -	\$ 588,887
Local tax referendum	63,926	-	-	63,926
State capital outlay funding	-	-	37,303	37,303
Federal grants	-	251,041	-	251,041
Charges for services	49,475	8,402	-	57,877
Fundraising and other income	5,828	-	-	5,828
TOTAL REVENUES	708,116	259,443	37,303	1,004,862
EXPENDITURES				
Current:				
Instruction	298,678	9,794	-	308,472
Student and instructional support services	3,709	19,393	-	23,102
General administration	15,808	-	-	15,808
School administration	123,250	40,231	-	163,481
Central services	5,540	-	-	5,540
Fiscal services	7,168	2,700	-	9,868
Food services	9,452	12,298	-	21,750
Operation of plant	128,297	13,822	37,303	179,422
Administrative technical services	5,900	-	-	5,900
Community services	18,867	-	-	18,867
Extracurricular and student activities	-	5,737	-	5,737
Capital Outlay:				
Other capital outlay	-	157,193	-	157,193
Right-to-use asset	-	-	1,476,756	1,476,756
Debt Service:				
Redemption of principal	129,395	-	-	129,395
Interest	64,205	-	-	64,205
TOTAL EXPENDITURES	810,269	261,168	1,514,059	2,585,496
Excess of revenues over expenditures	(102,153)	(1,725)	(1,476,756)	(1,580,634)
OTHER FINANCING SOURCES				
Increase in right-to-use liability	-	-	1,476,756	1,476,756
Transfer from (to) funds	(1,725)	1,725	-	-
Total other financing sources	(1,725)	1,725	1,476,756	1,476,756
NET CHANGE IN FUND BALANCE	(103,878)	-	-	(103,878)
Fund balance at beginning of year	-	-	-	-
Fund balance (deficit) at end of year	\$ (103,878)	\$ -	\$ -	\$ (103,878)

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

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023**

Change in Fund Balance - Governmental Funds \$ (103,878)

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	157,193
Depreciation expense	(24,865)

The proceeds from loans, right-to-use liabilities provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Redemption of principal	129,395
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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.

	(270,739)
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Change in Net Position of Governmental Activities	\$ (112,894)
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The accompanying notes are an integral part of this financial statement.

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

True North Classical Academy at Pinecrest, (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, 2027. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed for up to an additional 5 years by mutual agreement.

These financial statements are for the year ended June 30, 2023, when approximately 69 students were enrolled in grades K – 1 during the School’s first year of operations.

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 which 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 AT PINECREST
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 project 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, such as federal and state grants, that are restricted or committed to expenditure for specific purposes other than debt service and capital projects. The special revenue fund also includes the School’s internal funds for student activities.

Capital Projects Fund – used to account for financial resources used for the 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 at Pinecrest, (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 AT PINECREST
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.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 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, equipment and textbooks	3-5 Years
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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.

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 (\$9,016).
- 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 was no restricted net position for the year ending June 30, 2023.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, deposits receivable, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2023, the School’s nonspendable fund balance was \$242,304.
- 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 is no restricted fund balance.
- 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 is 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 the 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 and 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.

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 other programs.

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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			Balance
	July 1, 2022	Additions	Deletions	June 30, 2023
Capital Assets				
Furniture and equipment	\$ -	\$ 114,579	\$ -	\$ 114,579
Textbooks	-	42,614	-	42,614
Total Capital Assets	-	157,193	-	157,193
Less Accumulated Depreciation				
Furniture and equipment	-	(14,906)	-	(14,906)
Textbooks	-	(9,959)	-	(9,959)
Total Accumulated Depreciation	-	(24,865)	-	(24,865)
Capital Assets, net	\$ -	\$ 132,328	\$ -	\$ 132,328

Depreciation expense for the year ended June 30, 2023, was \$24,865, of which \$14,906 was allocated to school administration and \$9,959 was allocated to instruction.

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 3 – CAPITAL AND RIGHT-TO USE ASSETS (Continued)

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

	Balance			Balance
	July 1, 2022	Additions	Deletions	June 30, 2023
Right-to-use assets				
Right-to-use asset- Facilities	\$ -	\$ 1,476,756	\$ -	\$ 1,476,756
Total right-to-use assets	-	1,476,756	-	1,476,756
Less accumulated amortization				
Right-to-use asset- Facilities	-	(270,739)	-	(270,739)
Total accumulated amortization	-	(270,739)	-	(270,739)
Right-to-use assets, net	\$ -	\$ 1,206,017	\$ -	\$ 1,206,017

Amortization expense for the year ended June 30, 2023 was \$270,739, which was allocated to operation of plant.

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 Public Charter School Program (CSP) Planning, Program Design and Implementation grant, which totaled \$240,000. Amounts due from other agencies 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 Gateway and True North Classical Academy High School. Through the Board, management allocates a proportionate share of certain administrative salaries and other expenses based on student enrollment. The Organization and its other charter schools also advance and repay amounts to the School and vice versa.

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

True North Classical Academy, Inc.	\$ (570,726)
True North Classical Academy Dadeland	(81,564)
True North Classical Academy	4,127
Total due to related parties	<u>\$ (648,163)</u>

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 6 – COMMITMENTS AND CONTINGENCIES

True North Classical Academy, Inc. entered into an agreement to lease the School’s facilities, commencing August 1, 2022 through July 31, 2027. The School’s monthly rent through July 31, 2023 is \$17,600. During the year ended June 30, 2023, the School paid rent of \$193,600. Commencing August 1, 2023 through July 31, 2024, the annual Base Rent is equal to \$352,000 paid in monthly equal installments. Beginning on August 1, 2024, the annual Base Rent shall increase each year from the prior year by 3%. During the year ended June 30, 2023, the School prepaid rent of \$175,000 for the possible rental of an additional facility in the subsequent year, which is included in deposits and other assets at June 30, 2023. A portion of the prepaid rent will be retained by the landlord and a portion will either be credited to future rent payments for the additional facility or to future rent payments of the existing facility, depending on whether the School is successful in increasing the allowed student capacity a Development Order (“DO”). As of the date of these financial statements, the School is in the process of obtaining the DO and therefore cannot determine the manner or timing in which the prepaid rent will be utilized.

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 for the facilities as of the commencement date of the lease, August 1, 2022. The School used an interest rate of 5% based on the average incremental borrowing rate of the Organization to discount the annual lease payments and recognize the intangible right to use asset and the lease liability. During the year ended June 30, 2023, the interest expense related to the right to use liability was \$64,205 and the amortization expense of the right to use assets was \$270,739.

The following schedule provides changes in right-to-use liabilities:

	Balance July 1, 2022	Additions	Decreases	Balance June 30, 2023
Right-to-use liability- Facilities	\$ -	\$ 1,476,756	\$ (129,395)	\$ 1,347,361
	<u>\$ -</u>	<u>\$ 1,476,756</u>	<u>\$ (129,395)</u>	<u>\$ 1,347,361</u>

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

Fiscal Year Ended	Principal	Interest	Total
2024	\$ 280,413	\$ 61,017	\$ 341,430
2025	317,019	45,977	362,996
2026	344,387	29,573	373,960
2027	373,488	11,768	385,256
2028	32,054	-	32,054
	<u>\$ 1,347,361</u>	<u>\$ 148,335</u>	<u>\$ 1,495,696</u>

NOTE 7 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in major banks. As of June 30, 2023, the bank balance of the School’s operating cash deposit account was \$109,589. The School is a charter school under the Organization, which also operates other 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) limit of \$250,000. As of June 30, 2023, the School’s bank balance was not in excess of FDIC coverage.

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 8 – 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 9 – 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 10 – INTERFUND TRANSFERS AND BALANCES

During the year ended June 30, 2023, the general fund transferred \$1,725 to the special revenue fund for internal fund/student activity related expenditures.

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 balances in governmental funds as of June 30, 2023 consist of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Due to General Fund from Special Revenue Fund for CSP Grant	\$ 240,000	\$ (240,000)
Due to General Fund from Special Revenue Fund for Title IV Grant	3,133	(3,133)
Due to General Fund from Capital Projects Fund for Capital Outlay	5,934	(5,934)
Total Due from/(Due to) Funds	<u>\$ 249,067</u>	<u>\$ (249,067)</u>

REQUIRED SUPPLEMENTAL INFORMATION

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
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	\$ 564,396	\$ 687,567	\$ 588,887
Local tax referendum	-	-	63,926
Charges for services	35,680	32,394	49,475
Fundraising and other income	-	-	5,828
TOTAL REVENUES	600,076	719,961	708,116
EXPENDITURES			
Instruction	259,332	289,088	298,678
Student and instructional support services	5,925	-	3,709
General administration	-	-	15,808
School administration	100,523	58,423	123,250
Central services	-	-	5,540
Fiscal services	27,400	28,556	7,168
Food services	16,785	15,585	9,452
Operation of plant	155,585	9,251	128,297
Administrative technical services	14,700	14,700	5,900
Community services	25,614	23,254	18,867
Debt service	74,630	51,704	193,600
TOTAL EXPENDITURES	680,494	490,561	810,269
Net Change in fund balance	(80,418)	229,400	(102,153)

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
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	\$ 5,000	\$ 452,500	\$ 251,041
Charges for services	1,692	1,537	8,402
TOTAL REVENUES	6,692	454,037	259,443
EXPENDITURES			
Instruction	5,000	10,000	9,794
Student and instructional support services	-	20,000	19,393
School administration	-	140,000	40,231
Fiscal services	-	-	2,700
Food services	381	12,000	12,298
Operation of plant	-	63,000	13,822
Extracurricular and student activities	4,834	4,390	5,737
Other capital outlay	-	207,500	157,193
TOTAL EXPENDITURES	10,215	456,890	261,168
Change in fund balance	(3,523)	(2,853)	(1,725)
Other financing sources	-	-	1,725
Net change in fund balance	<u>\$ (3,523)</u>	<u>\$ (2,853)</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY AT PINECREST
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).



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 at Pinecrest
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 at Pinecrest (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 or significant deficiencies may exist that were not 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 15, 2023



MANAGEMENT LETTER

Board of Directors of
True North Classical Academy at Pinecrest
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of True North Classical Academy at Pinecrest (the “School”), a non-major component unit of the District School Board of Miami-Dade County, Florida 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 Compliance 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 was no preceding annual financial audit report as this is the School’s first year of operations.

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 at Pinecrest, 131019.

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, the following was noted that we would like to bring to the attention of the governing board of the School.

2023-001: Total fund balance deficit and deficit in net position

Observation

Pursuant to Sections 218.39(5), Florida Statutes, the auditor must notify each member of the governing body for which a fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements of entities required to report under governmental financial reporting standards or on the basic financial statements of entities required to report under non-for-profit financial reporting standards, for which sufficient resources of the local government entity, charter school, charter technician career center, or district school board, as reported on the fund financial statements, are not available to cover the deficit.

Condition

The School had a total deficit in net position of \$112,894 and a total fund balance deficit of \$103,878 at June 30, 2023.

Cause

The deficit in net position for fiscal year ending June 30, 2023, is primarily due to the negative impact of the implementation of GASB 87 accounting in which the school records the right to use leased assets and corresponding liabilities and as a result recorded an additional (\$141,344) in non-cash excess amortization of lease expense. Absent this accounting, the change in and the net position at the end of year would have been a net increase of \$28,450. The School also invested in instruction, furniture, and fixtures during its first year in operations.

Effect

The School had a total deficit in fund balance of \$103,878 at June 30, 2023.

Recommendation

The School needs to increase enrollment and continue to properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position and fund balance.

Management response

The 2022-2023 year was the School's first year of operations. The School's enrollment for the 2023-2024 fiscal year has already more than doubled compared to 2022-2023. This will increase general FEFP, capital outlay and other revenues. In addition, the School has approximately \$400,000 remaining in CSP grant funding that can assist with increased expenditures as the School continues growth in its early years. The School anticipates with the increased enrollment and grant funding to improve its net position and fund balance during 2023-2024.

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, 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 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