HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Somerset Academy Kendall
WL# 4037
(A Charter School under Somerset Academy, Inc.)

Miami, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2024

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Somerset Academy Kendall
(A charter school under Somerset Academy, Inc.)
W/L# 4037
9790 SW 107th Court
Miami, Florida 33176

2023-2024

BOARD OF DIRECTORS

Todd German, Treasurer and Board Chair, (Florida)
Ana Mendez, Vice-Chair and Secretary
David Concepcion, Director
Brian M. Cox, Director (Texas)
Taylor Smith, Director

OTHER NON-VOTING OFFICERS:

Bernardo Montero, President
Suzette Ruiz, Vice-President

SCHOOL ADMINISTRATION

Saili Hernandez, Principal

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Somerset Academy Kendall
Miami, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Somerset Academy Kendall (the "School"), a charter school under Somerset Academy, Inc. as of, and for the year ended June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Somerset Academy Kendall as of June 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Somerset Academy, Inc. 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 Somerset Academy Kendall'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.

Auditors' 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 and *Government 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 and *Government 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.

Emphasis of a Matter – Presentation
As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of Somerset Academy Kendall that is attributable to the transactions of the School and is not intended to be a complete presentation of Somerset Academy, Inc. These financial statements do not purport to, and do not, present fairly the financial position of Somerset Academy, Inc. as of June 30, 2024 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 9 and 30 to 31 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2024 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

HLB Gravier, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 12, 2024

Management's Discussion and Analysis
Somerset Academy Kendall
(A Charter school Under Somerset Academy, Inc.)
June 30, 2024

The corporate officers of Somerset Academy, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

1. The net position of the School at June 30, 2024 was $360,568.
2. At year-end, the School had current assets on hand of $991,970.
3. The School had an increase in its net position of $235,625 for the year ended June 30, 2024.
4. The unassigned fund balance at year end was $713,757.

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, 2024 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund Financial Statements

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

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

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the major governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 12 – 15 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 16 - 29 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, net position was $360,568 at the close of the fiscal year. A summary of the School's net position as of June 30, 2024 and 2023 is as follows:

	2024	2023
Cash	$ 191,758	$ 183,879
Investments	614,000	260,000
Prepaid expenses and other assets	22,995	30,040
Due from other agencies	321,904	317,217
Capital and right of use lease assets, net	1,462,137	1,900,974
Total Assets	2,612,794	2,692,110
Deferred outflows of resources	-	-
Accounts payable and accrued liabilities	163,771	134,443
Due to Somerset Academy, Inc., long-term	625,000	625,000
Lease liability	1,463,455	1,785,888
Note payable	-	21,836
Total Liabilities	2,252,226	2,567,167
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	(1,318)	93,250
Restricted - District Referendum funds	80,507	-
Unrestricted	281,379	31,693
Total Net Position	$ 360,568	$ 124,943

At the end of the year, the School is able to report positive balances in total net position.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
REVENUES		
Program Revenues		
Federal sources	$ 441,639	$ 377,015
Capital grants and contributions	183,650	122,441
Charges for services	70,151	76,519
General Revenues		
State and local sources	2,626,042	2,057,593
Charges for services	430,115	571,866
Other Revenues	113,223	88,233
Total Revenues	$ 3,864,820	$ 3,293,667
EXPENSES		
Instruction	$ 1,716,155	$ 1,807,030
Student support services	565	-
Instructional staff training	11,940	13,551
School Board	16,519	20,868
General administration	37,600	-
School administration	341,952	303,840
Fiscal services	36,733	34,050
Food services	131,138	133,378
Central services	57,544	60,941
Operation of plant	725,716	685,644
Maintenance of plant	112,969	105,806
Community Services	33,231	28,271
Debt service	407,133	99,276
Total Expenses	3,629,195	3,292,655
Change in Net Position	235,625	1,012
Net Position at Beginning of Year	124,943	123,931
Net Position at End of Year	$ 360,568	$ 124,943

The School's revenues and expenses increased by $571,153 and $336,540, respectively. The School had an increase in its net position of $235,625 for the year.

School Location and Lease of Facility

The School leases a facility located at 9790 SW 107th Court, Miami, FL 33176.

Capital Improvement Requirements

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of $817,259. The fund balance unassigned and available for spending at the School's discretion is $713,757. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets (including right of use lease assets) as of June 30, 2024 amounts to $1,462,137 (net of accumulated depreciation and amortization). This investment in capital assets includes furniture, fixtures and computer equipment. As of June 30, 2024, the School had $1,463,455 in long-term liabilities associated to its capital assets.

The lease asset is amortized using the straight-line method over the term of the lease and the lease liability amortizes based on the effective interest method resulting in a higher liability and expense during the early years of the lease.

Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital grants and contributions	$ 124,504	$ 125,010	$ 137,486
Local sources	46,300	46,300	46,164
Federal sources	461,169	568,765	640,704
Charges for services	35,000	39,619	70,151
General Revenues			
State and local sources	2,396,763	2,454,061	2,467,355
Charges for services	415,400	428,634	430,115
Other revenues	105,020	112,474	113,223
Total Revenues	3,584,156	3,774,863	3,905,198
CURRENT EXPENDITURES			
Instruction	1,749,660	1,718,073	1,640,382
Student support services	1,000	1,000	565
Instructional staff training	13,000	13,000	11,940
School Board	21,150	23,681	16,519
General administration	39,355	38,000	37,600
School administration	341,966	341,966	341,927
Fiscal services	38,633	36,733	36,733
Food services	135,088	131,600	131,138
Central services	58,133	57,654	57,544
Operation of plant	373,885	355,638	355,453
Maintenance of plant	125,000	121,000	111,074
Community Services	40,000	40,000	33,231
Total Current Expenditures	$ 2,936,870	$ 2,878,345	$ 2,774,106

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

Requests for Information

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

Somerset Academy Kendall
(A charter school under Somerset Academy, Inc.)

Statement of Net Position
June 30, 2024

	Primary Government Governmental Activities
Assets	
Current assets:	
Cash	$ 191,758
Investments	614,000
Prepaid expenses and other assets	22,995
Due from other agencies	163,217
Total Current Assets	991,970
Capital assets:	
Capital assets, depreciable	756,504
Less: accumulated depreciation	(656,845)
Leased assets, right of use	2,384,337
Less: accumulated amortization	(1,021,859)
Total Capital Assets, net	1,462,137
Due from other agencies, net, long-term	158,687
Total Assets	$ 2,612,794
Deferred Outflows of Resources	-
Liabilities	
Current liabilities:	
Salaries and wages payable	$ 136,967
Accounts payable and other accrued liabilities	26,804
Lease liability, current	338,929
Total Current Liabilities	502,700
Due to Somerset Academy, Inc., long-term	625,000
Lease liability	1,124,526
Total Long Term Liabilities	1,749,526
Total Liabilites	2,252,226
Deferred Inflows of Resources	-
Net Position	
Net investment in capital assets	(1,318)
Restricted - District Referendum funds	80,507
Unrestricted	281,379
Total Net Position	$ 360,568

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

Somerset Academy Kendall
(A charter school under Somerset Academy, Inc.)

Statement of Activities
For the year ended June 30, 2024

		Program Revenues			
Primary Government	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expense) Revenue and Changes in Net Position**
Governmental activities:					
Instruction	$ 1,716,155	$ 421,590	$ 366,383	$ -	$ (928,182)
Student support services	565	-	-	-	(565)
Instructional staff training	11,940	-	11,231	-	(709)
School Board	16,519	-	-	-	(16,519)
General administration	37,600	-	-	-	(37,600)
School administration	341,952	-	-	-	(341,952)
Fiscal services	36,733	-	-	-	(36,733)
Food services	131,138	39,174	64,025	-	(27,939)
Central services	57,544	-	-	-	(57,544)
Operation of plant	725,716	8,525	-	183,650	(533,541)
Maintenance of plant	112,969	-	-	-	(112,969)
Community Services	33,231	30,977	-	-	(2,254)
Debt service	407,133	-	-	-	(407,133)
Total governmental activities	3,629,195	500,266	441,639	183,650	(2,503,640)

General revenues:	
State and local sources	2,626,042
Interest income	70,575
Other revenue	42,648
Change in net position	235,625
Net position, beginning	124,943
Net position, ending	$ 360,568

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

Somerset Academy Kendall
(A charter school under Somerset Academy, Inc.)

Balance Sheet - Governmental Funds
June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash	$ 180,818	$ 10,940	$ -	$ 191,758
Investments	614,000	-	-	614,000
Due from other agencies	151,131	-	12,086	163,217
Due from fund	12,086	-	-	12,086
Prepaid expenses	22,995	-	-	22,995
Total Assets	981,030	10,940	12,086	1,004,056
Deferred Outflows of Resources	-	-	-	-
Liabilities				
Salaries and wages payable	136,967	-	-	136,967
Accounts payable and other accrued liabilities	26,804	-	-	26,804
Due to fund	-	-	12,086	12,086
Total Liabilities	163,771	-	12,086	175,857
Deferred Inflows of Resources	-	-	-	-
Fund balance				
Nonspendable, not in spendable form	22,995	-	-	22,995
Restricted	80,507	-	-	80,507
Assigned	-	10,940	-	10,940
Unassigned	713,757	-	-	713,757
	817,259	10,940	-	828,199
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 981,030	$ 10,940	$ 12,086	$ 1,004,056

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

Somerset Academy Kendall
(A charter school under Somerset Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balance - Governmental Funds		$ 828,199
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-of-use lease asset net of accumulated depreciation and amortization used in governmental activities are not financial resources and therefore are not reported in the fund.		
Capital assets, depreciable	756,504	
Less: accumulated depreciation	(656,845)	
Right-of-use lease asset	2,384,337	
Less: accumulated amortization	(1,021,859)	
		1,462,137
Long term receivables and deposits in governmental activities are not financial resources and therefore are not reported in the governmental funds.		158,687
Long term liabilities were not due and payable in the current period and, therefore, are not reported in the fund.		(2,088,455)
Total Net Position - Governmental Activities		$ 360,568

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

Somerset Academy Kendall
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
State passed through local	$ 2,002,810	$ -	$ -	$ 2,002,810
State capital outlay funding	-	-	137,486	137,486
Local sources	464,545	-	46,164	510,709
Federal sources	-	640,704	-	640,704
Charges for services	430,115	70,151	-	500,266
Other revenues	113,223	-	-	113,223
Total Revenues	3,010,693	710,855	183,650	3,905,198
Expenditures:				
Current				
Instruction	1,458,383	181,999	-	1,640,382
Student support services	565	-	-	565
Instructional staff training	709	11,231	-	11,940
Board	16,519	-	-	16,519
General administration	37,600	-	-	37,600
School administration	341,927		-	341,927
Fiscal services	36,733	-	-	36,733
Food services	-	131,138	-	131,138
Central services	57,544	-	-	57,544
Operation of plant	355,453		-	355,453
Maintenance of plant	111,074	-	-	111,074
Community services	-	33,231	-	33,231
Capital Outlay:				
Other capital outlay	9,119	-	-	9,119
Debt Service:				
Repayment of Principal	-	-	344,269	344,269
Interest	166	-	81,967	82,133
Total Expenditures	2,425,792	357,599	426,236	3,209,627
Excess (Deficit) of Revenues Over Expenditures	584,901	353,256	(242,586)	695,571
Other Financing Sources (uses):				
Recoverable grant repayment	(325,000)	-	-	(325,000)
Transfers in (out)	112,924	(355,510)	242,586	-
Net change in fund balance	372,825	(2,254)	-	370,571
Fund Balance at beginning of year	444,434	13,194	-	457,628
Fund Balance at end of year	$ 817,259	$ 10,940	$ -	$ 828,199

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

Somerset Academy Kendall
(A charter school under Somerset Academy, Inc.)

Reconciliation of the Statement of Revenues, Expenditures an Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2024

Net Change in Fund Balance - Governmental Funds		$ 370,571
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 and amortization expense. This is the amount by which capital outlay differed from depreciation and amortization expense.		
Capital outlay	9,119	
Depreciation and amortization expense	(447,956)	(438,837)
Increases in long term payables provide current financial resources to governmental funds, but increases long term liabilities in the statement of net position. Decreases in long term payables is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position.		344,269
Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds. These revenues were recognized in the governmentwide statements but not the fund statements in the prior year. However, the criteria for recognition was met in the currrent year, therefore these revenues were recorded in the fund statements.		(40,378)
Change in Net Position of Governmental Activities		$ 235,625

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Somerset Academy Kendall (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The School's charter is held by Somerset Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Somerset Academy, Inc., which is composed of five members and also governs other charter schools. The board has determined that no component units exist that would be require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expires on June 30, 2033 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Miami, Florida for students from kindergarten through fifth grade and is funded by the District. These financial statements are for the period through June 30, 2024, when on average 231 students were enrolled for the school year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

Government-wide and Fund Financial Statements

Government Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other state and local sources.

Note 1 – 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, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds:

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

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

Capital Projects Fund - is used to account for the resources restricted for the acquisition or construction of specific capital assets and from state and local capital funding that are legally restricted to expenditures for particular purposes.

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

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

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available.

Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Note 1 – Summary of Significant Accounting Policies (continued)

Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash and Investments

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

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, *Fair Value Measurement and Application,* and other related standards which establish accounting and financial reporting standards for all investments (see Note 3). Money market investment that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

Inter-fund Transfers

Interfund receivables/payables are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of $1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the government-wide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds. The right of use assets are initially measure at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease. Estimated useful lives, in years, for capital assets are as follows:

Furniture, Equipment and Software	5 Years
Right-of-use asset (building)	7 Years
Building improvements	5 Years

Due from Other Governments or Agencies

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

Long-Term Debt and Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Compensated Absences

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School does not have any items that qualify for reporting in this category.

Revenue Sources

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

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance Classifications

Government-wide financial statements
Equity is classified as net position and displayed in three (3) components:

a) Net investment in capital assets - consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
c) Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

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

a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories and prepaid expenses.
b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted funds at year end are for unspent local "Secure Our Future" referendum revenues.
c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
d) Assigned - fund balance classification is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. As of June 30, 2024, the assigned balances pertained to the School's Internal Account.
e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes

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

New Accounting Standard Adopted

During the fiscal year, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: GASB Statement No. 100, Accounting Charges and Error Corrections. The adoption had no material effect on the School's financial statements as of June 30, 2024.

Pronouncements Issued But Not Yet Effective

GASB has issued GASB Statement No. 101, Compensating Absences. This Statement provides guidance on the accounting and financial reporting for certain types of compensated absences including parental leave, military leave, and injury duty leave. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Use of Estimates

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

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 12, 2024, which is the date the financial statements were available to be issued.

Note 2 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2024:

	Balance 07/01/23	Additions	Reclassifications	Balance 06/30/24
Capital Assets, depreciable:				
Furniture and equipment	$ 700,691	$ -	$ (43,202)	$ 657,489
Building improvements	89,896	9,119	-	99,015
Total Capital Assets	$ 790,587	$ 9,119	$ (43,202)	$ 756,504
Less Accumulated Depreciation:				
Furniture and equipment	$ (559,860)	$ (87,990)	$ 43,202	$ (604,648)
Building improvements	(32,850)	(19,347)	-	(52,197)
Total Accumulated Depreciation	(592,710)	(107,337)	43,202	(656,845)
Total Capital Assets, net	$ 197,877	$ (98,218)	$ -	$ 99,659
Leased Assets:				
Right of use lease asset (building)	$ 2,384,337	$ -	$ -	2,384,337
Less: accumulated amortzation	(681,240)	(340,619)	-	(1,021,859)
Leased assets, net	1,703,097	(340,619)	-	1,362,478
Governmental Activities Capital Assets, net	$ 1,900,974	$ (438,837)	$ -	$ 1,462,137

For the fiscal year ended June 30, 2024, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	Depreciation	Amortization
Instruction	$ 75,773	$ -
School administration	25	-
Operation of plant	29,644	340,619
Maintenance of plant	1,895	-
Total Expense	$ 107,337	$ 340,619

Note 3 – Cash and Investments

Deposits

The School maintains its cash in two financial institutions. Deposits at FDIC-insured institutions are insured up to $250,000 per depositor, per financial institution. The School is a charter school under Somerset Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Somerset Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2024, bank balances in potential excess of FDIC coverage were approximately $312,000.

Note 3 – Cash and Investments (continued)

Investments

The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

At June 30, 2024, the School had $890,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2024, maturities of the fund's portfolio holdings are approximately 86% within 30 days.

Credit Risk

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

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2024, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

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

Note 4 – Due from Other Agencies

The following is due from other agencies as of June 30, 2024:

Funding Source	Fund	
Due from Miami-Dade County Public Schools, referendum	General Fund	$151,131
Capital Outlay	Capital Projects Fund	12,086
Total Due from Other Agencies, current		163,217
Due from Miami-Dade County Public Schools, referendum, long-term portion		158,687
Total Due from Other Agencies		$321,904

Note 5 – Education Service and Support Provider

Academica Dade, LLC, an education service and support provider, provides administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting and virtual services. The agreement between the School and the education service and support provider calls for a fee on a per student basis. The agreement is with Somerset Academy, Inc. through June 30, 2028, and unless terminated by the board shall have the option to renew for an additional five year term. During the year ended June 30, 2024, the School incurred $110,200 in fees.

Note 6 – Transactions with Divisions of Somerset Academy, Inc.

Somerset Academy, Inc. charges an assessment to all its affiliated schools for shared corporate costs and accreditation expenses. During 2024, the School paid $34,725 to Somerset Academy, Inc. for these shared costs.

The School received long-term, non-interest bearing advances from Somerset Academy, Inc. The note is due and payable within three years from the date of the advance. The following schedule provides a summary of changes in the long-term debt for the year ended June 30, 2024:

	Balance 07/01/23	Increases	Decreases	Balance 06/30/24
Due to Somerset Academy, Inc., long-term	$ 625,000	$ -	$ -	$ 625,000
	$ 625,000	$ -	$ -	$ 625,000

Recoverable Grant

In previous years, the School has received a total of $1,125,000 in recoverable grants from Somerset Academy, Inc. Repayment of the grants are contingent on the School subsequently meeting certain financial conditions. The School repaid a total of $325,000 to Somerset Academy, Inc. during 2023-2024 school year. The maximum amount the School may be required to pay in the future should the School meet the requirements for repayment is $800,000.

The School operates a pre-kindergarten program. The pre-kindergarten program revenues and expenses are recorded in the statement of activities as instructional charges for services and instructional expenses, respectively. The program reimbursed the School $89,955 in usage fees and shared personnel during the school year.

Note 7 – Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School. As of year end June 30, 2024, the School accrued for $16,893 in accounts payable as contingency for the 2023-2024 referendum revenues recognized. See Note 12.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2024, administrative fees withheld by the School District totaled $37,600.

Note 8 – Long-Term Liabilities

Educational Facilities Lease

The School has entered into an Educational Facilities Lease Agreement with The Office Park, LLC (the "Landlord"), for its facilities located at 9790 SW 107th Court, Miami, Florida 33176. The agreement continues through June 30, 2028 ("initial term"), with an option to renew for two additional five-year term periods.

Annual minimum payments are based on a minimum of 337 students, for a minimum base rent of $404,400 and shall be adjusted annually at each anniversary date of this Agreement, on the basis of the year-to-year percentage change in the per student Full Time Equivalent ("FTE").

At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The School used an average effective interest rate of 5% to discount the annual lease payments to recognize the right to use asset and lease liability.

For the year ended June 30, 2024, interest expense totaled $81,967, as it relates to its lease agreements.

For 2024, variable and other payments of $25,900 in connection with the lease agreement not previously included in the measurement of the lease liability were recorded in rent expense.

Note 8 – Long-Term Liabilities (continued)

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

Year	Principal	Interest	Total
2025	$ 338,929	$ 65,471	$ 404,400
2026	356,270	48,130	404,400
2027	374,497	29,903	404,400
2028	393,759	10,642	404,401
	$ 1,463,455	$ 154,146	$ 1,617,601

Changes in long term lease liabilities during the year are as follows:

	Balance 07/01/23	Increases	Decreases	Balance 06/30/24
Lease liability	$ 1,785,888	$ -	$ (322,433)	$ 1,463,455
Total Lease liabilities	$ 1,785,888	$ -	$ (322,433)	$ 1,463,455

Notes Payable

On July 1, 2019, the School obtained equipment financing from a financial institution for a total amount of $196,221 at a rate of 3.95%. On November 16, 2020, the School refinanced the debt with another financial institution at a rate of 3.25% and maturing 36 months from the origination date. As of November 17, 2023, the notes were paid in full.

The following schedule provides a summary of changes in long-term debt for the year:

	Balance 07/01/23	Increases	Decreases	Balance 06/30/24
Note Payable	$ 21,836	$ -	$ (21,836)	$ -
Total Note Payable	$ 21,836	$ -	$ (21,836)	$ -

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 for the past three years. In addition, there were no reductions in insurance coverage from those in the prior year. The School has entered into a strategic relationship with ADP TotalSource, Inc., a human resource management firm, typically known as “Professional Employer Organization” (PEO). Under a co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

Note 10 – Defined Contribution Retirement Plan

The School's personnel, who are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School will match 100% of the employee's contribution 4% up to of the employee's compensation. The School contributed to the Plan $43,767 for the year ended June 30, 2024. The School does not exercise any control or fiduciary responsibility over the Plan's assets, which are administered by Voya Financial.

Note 11 – Interfund Transfers

Interfund transfers as of June 30, 2024 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Funds
To reimburse the General Fund for prior period's federal expenditures	$ 355,510	$ (355,510)	$ -
To fund principal and interest in the Capital Projects fund	(242,586)	-	242,586
Total Transfers, net	$ 112,924	$ (355,510)	$ 242,586
Due from/(Due to) fund balances are as follows:			
Due to General Fund from Capital Projects Fund for capital outlay	$ 12,086	$ -	$ (12,086)
Total Due from/(Due to)	$ 12,086	$ -	$ (12,086)

Note 12 – Referendum

On November 6, 2018, and November 8, 2022, the voters of Miami-Dade approved and renewed, respectively, the Secure Our Future Referendum to raise/maintain teacher compensation and improve school safety and security. The Miami-Dade County School District shares a portion with charter schools.

The District entered into a settlement agreement with the School for the 2018 Referendum funds not received for the 2019-2020; 2020-2021; 2021-2022 school years.

The District agreed to pay these funds totaling $309,817 (including interest) to the School in two installments in August 2024 and July 2025.

Note 12 – Referendum (continued)

The following is the referendum funds allocated and expended as of and for the year ended June 30, 2023 and 2024:

	2022-2023
Funds Allocation	$ 209,827
Less: Actual Expenditures	(186,664)
Rollover revenues as of June 30, 2023	$ 23,163
Funds Re-Allocated from charterholder based on actual expenditures	$ 18,518
Less: Actual Expenditures	(41,681)
Restricted 2022-2023 Referendum as of June 30, 2024	$ -

	2023-2024
Actual Allocation	$ 337,857
Less: 2023-2024 Contingency	(16,893)
2023-2024 Referendum Funds, net of contingency	320,964
Less: Actual Expenditures	(240,457)
Restricted 2023-2024 Referendum as of June 30, 2024	$ 80,507

The following are referendum revenues recognized by the School for the year ended June 30, 2024:

Total Referendum Revenue Recognized for Allowable Expenditures:	
2022-2023 Referendum Funds	$ 41,681
2023-2024 Referendum Funds, net of contingency	320,964
2018 Referendum Settlement Agreement, excluding interest of $49,229	260,588
Total per Government-Wide Statement of Activities	623,233
Less: Due from Miami-Dade County Public Schools, referendum, long-term portion	(158,687)
Total per Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	$ 464,546

REQUIRED SUPPLEMENTARY INFORMATION

Somerset Academy Kendall
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2024

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	$ 1,967,744	$ 1,992,021	$ 2,002,810
Local sources	429,019	462,040	464,545
Charges for services	415,400	428,634	430,115
Other revenues	105,020	112,474	113,223
Total Revenues	2,917,183	2,995,169	3,010,693
EXPENDITURES			
Current:			
Instruction	1,482,291	1,460,508	1,458,383
Student support services	1,000	1,000	565
Instructional staff training	1,000	1,000	709
Board	21,150	23,681	16,519
General administration	39,355	38,000	37,600
School administration	341,966	341,966	341,927
Fiscal services	38,633	36,733	36,733
Central services	58,133	57,654	57,544
Operation of plant	373,885	355,638	355,453
Maintenance of plant	125,000	121,000	111,074
Total Current Expenditures	2,482,413	2,437,180	2,416,507
Excess/(Deficit) of Revenues Over Current Expenditures	434,770	557,989	594,186
Debt Service:			
Interest	166	166	166
Capital Outlay			
Other capital outlay	9,119	9,119	9,119
Total Capital Outlay and Debt Service Expenditures	9,285	9,285	9,285
Total Expenditures	2,491,698	2,446,465	2,425,792
Excess/(Deficit) of Revenues Over Expenditures	425,485	548,704	584,901
Other financing sources (uses):			
Transfers in (out)	(213,720)	(87,707)	112,924
Recoverable grant repayment	-	(325,000)	(325,000)
Net change in fund balance	211,765	135,997	372,825
Fund Balance at beginning of year	444,434	444,434	444,434
Fund Balance at end of year	$ 656,199	$ 580,431	$ 817,259

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Somerset Academy Kendall
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2024

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	$ 461,169	$ 568,765	$ 640,704
Charges for services	35,000	39,619	70,151
Total Revenues	496,169	608,384	710,855
EXPENDITURES			
Current:			
Instruction	267,369	257,565	181,999
Instructional staff training	12,000	12,000	11,231
Food services	135,088	131,600	131,138
Community services	40,000	40,000	33,231
Total Current Expenditures	454,457	441,165	357,599
Excess/(Deficit) of Revenues Over Current Expenditures	41,712	167,219	353,256
Total Capital Outlay and Debt Service Expenditures	-	-	-
Total Expenditures	454,457	441,165	357,599
Excess/(Deficit) of Revenues Over Expenditures	41,712	167,219	353,256
Other financing sources (uses)			
Transfers in (out)	(41,712)	(167,219)	(355,510)
Net change in fund balance	-	-	(2,254)
Fund Balance at beginning of year	13,194	13,194	13,194
Fund Balance at end of year	$ 13,194	$ 13,194	$ 10,940

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

HLB GRAVIER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Somerset Academy Kendall
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 Somerset Academy Kendall (the "School") as of, and for the year ended June 30, 2024, 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 12, 2024.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We issued a separate management letter pursuant to Chapter 10.850, Rules of the Auditor General dated September 12, 2024.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HLB Grassi, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 12, 2024

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MANAGEMENT LETTER

To the Board of Directors of
Somerset Academy Kendall
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of Somerset Academy Kendall, Miami, Florida, as of and for the year ended June 30, 2024 and have issued our report thereon dated September 12, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 12, 2024, 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 or recommendations in preceding audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code assigned by the Florida Department of education of the entity is Somerset Academy Kendall, (W/L #4037).

Financial Condition

Sections 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Somerset Academy Kendall has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Somerset Academy Kendall did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Somerset Academy Kendall. It is management's responsibility to monitor Somerset Academy Kendall'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.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we did not have such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to report the results of our determination as to whether Somerset Academy Kendall maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Somerset Academy Kendall 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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, School Board of Miami-Dade County, Federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

HLB Grassi, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 12, 2024