



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

Homestead, Florida

Financial Statements and  
Independent Auditors' Report

June 30, 2019

## TABLE OF CONTENTS

General Information . . . . .	1
Independent Auditor's Report. . . . .	2-3
Management's Discussion and Analysis (Required Supplementary Information) . . . . .	4-8
<b>Basic Financial Statements:</b>	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position. . . . .	9
Statement of Activities. . . . .	10
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds. . . . .	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position. . . . .	12
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds. . . . .	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities. . . . .	14
Statement of Net Position – Fiduciary Funds . . . . .	15
Notes to the Basic Financial Statements . . . . .	16-28
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule . . . . .	29-30
<b>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 <i>Government Auditing Standards</i>. . . . .</b>	
<b>Management Letter . . . . .</b>	<b>31-32</b>
<b>Management Response. . . . .</b>	<b>33-36</b>
	<b>37-38</b>

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

13390 sw 248 st  
Homestead, FL 33032

2018-2019

BOARD OF DIRECTORS

Todd German, Board Chair (Florida), Treasurer, and Director – Effective 1/25/19  
Lourdes Isla, Director, Board Chair – Resigned 1/25/19  
Louis Marin, Vice Chair (Texas) and Director  
Brian Mathew Cox, Director (Texas) – Elected 7/26/18  
Ana Diaz, Secretary and Director  
David Concepcion, Director  
Dr. Bernard Kimmel, Director  
Jennifer Esquijarosa, Director

SCHOOL ADMINISTRATION

Kerri Ann Rodriguez, Principal

OTHER NON-VOTING CORPORATE OFFICERS

Bernardo Montero, President  
Suzette Ruiz, Vice-President

BOARD COUNSEL

Charles Gibson, Esq.  
Eleni Pantaridis, Esq



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Somerset Academy Silver Palms at Princeton (the "School"), a charter school under Somerset Academy, Inc. and Subsidiary, as of, and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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[www.hlbgravier.com](http://www.hlbgravier.com)

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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Somerset Academy Silver Palms at Princeton as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Somerset Academy Silver Palms at Princeton as of June 30, 2019, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Somerset Academy, Inc. and Subsidiary. These financial statements do not purport to and do not present fairly the financial position of Somerset Academy, Inc. and Subsidiary as of June 30, 2019 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 10, 2019, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 29 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Coral Gables, Florida  
September 10, 2019

CERTIFIED PUBLIC ACCOUNTANTS

**Management's Discussion and Analysis**  
Somerset Academy Silver Palms at Princeton  
(A Charter school Under Somerset Academy, Inc.)  
June 30, 2019

The corporate officers of Somerset Academy Silver Palms at Princeton have prepared this narrative overview and analysis of the school's financial activities for the year ended June 30, 2019.

**Financial Highlights**

1. The net position of the School at June 30, 2019 was \$2,557,127.
2. At year-end, the School had current assets on hand of \$723,711.
3. The School had an decrease in its net position of \$28,791 for the year ended June 30, 2019.
4. The unassigned fund balance at year end was \$498,527.

**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, 2019 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 9 - 10 of this report.

*Fund Financial Statements*

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

All of the funds of the School are governmental funds. *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 11 – 15 of this report.

#### *Notes to Financial Statements*

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

The notes to the financial statements can be found on pages 16 - 28 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was \$2,557,127 at the close of the fiscal year. A summary of the School's net position as of June 30, 2019 and 2018 follows:

	2019	2018
Cash and cash equivalents	\$ 61,797	\$ 505,604
Investments	506,000	860,000
Accounts receivable, no allowance necessary	-	131,610
Prepaid expenses and other assets	125,484	58,235
Due from other agencies	30,430	10,953
Due from other division of Somerset Academy, Inc.	1,555,143	-
Capital Assets, net	377,973	1,714,294
<b>Total Assets</b>	<b>2,656,827</b>	<b>3,280,696</b>
<b>Deferred outflows of resources</b>	<b>-</b>	<b>-</b>
Salaries and wages payable	91,667	398,931
Accounts payable	8,033	21,889
Due to other divisions of Somerset Academy, Inc.	-	150,000
Tenant improvement debt	-	123,958
<b>Total Liabilities</b>	<b>99,700</b>	<b>694,778</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>-</b>
<b>Net Position:</b>		
Net investment in capital assets	377,973	1,440,336
Unrestricted	2,179,154	1,145,582
<b>Total Net Position</b>	<b>\$ 2,557,127</b>	<b>\$ 2,585,918</b>

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

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2019 and 2018 follows:

	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>		
Program Revenues		
Operating Grants and Contributions	\$ 216,321	\$ 204,125
Capital outlay	115,452	432,422
Lunch Program	97,465	295,351
Charges for Services	95,666	-
General Revenues		
Local Sources (FTE and other non specific)	1,844,846	5,568,274
Other Revenues	13,981	8,679
<b>Total Revenues</b>	<u>\$ 2,383,731</u>	<u>\$ 6,508,851</u>
<b>EXPENSES</b>		
Instruction	\$ 1,101,005	\$ 3,073,051
Student Support Services	6,976	67,596
Instructional staff training	1,713	316
Board	21,388	40,325
School administration	226,647	559,210
Facilities acquisition	11,470	104,595
Fiscal services	35,550	113,850
Food services	120,030	252,303
Central services	41,158	149,180
Operation of plant	737,881	1,559,722
Maintenance of plant	105,828	108,816
Administrative technology services	2,876	13,217
<b>Total Expenses</b>	<u>2,412,522</u>	<u>6,042,181</u>
Change in Net Position	(28,791)	466,670
Net Position at Beginning of Year	2,585,918	2,119,248
Net Position at End of Year	<u>\$ 2,557,127</u>	<u>\$ 2,585,918</u>

The School's revenues and expenses decreased by \$4,125,120 and \$3,629,659, respectively as a result of the School moving to a new location. The School had a decrease in its net position of \$28,791 for the year.

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

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

### **Capital Improvement Requirements**

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

### **Achievements**

In 2019, Somerset Academy Silver Palms at Princeton completed its 8<sup>th</sup> year of operations and embarked on a new journey. In August 2018, Somerset Academy Silver Palms at Princeton opened their doors in a new campus location. The school is located on an open campus with beautiful greenery and the structure of the building is from 1970 the building was renovated in July 2018. Enrolling 238 students in which one third of the student body came from the private



school sector making this their first public school and testing experience. Once again, the school earned a letter grade of “A,” ranking among the highest performing public K-5 schools in Miami-Dade County and having 100% learning gains in Mathematics and lowest 25% in Mathematics.

This past year, Somerset Academy students participated in various community service projects and fundraisers such as the Scholastic Book Fair, Operation Christmas Child, World’s Finest Chocolates, and Deering Estates. As a community we came together and held our annual Harvest Festival. Students also got to participate in school-wide productions such as the Holiday Show, End of Year Show, Career Day, and Hispanic Heritage Show.

With a core philosophy combining high expectations for both students and teachers, Somerset Academy also stresses character development and self-esteem. The school provides its students with a rigorous curriculum, as well as an extra-curricular program of activities, including team sports and over 10 active school clubs including -, Art Club, Cheerleading, Safety Patrol, Future Educators of America, Yearbook, Math Club, Science Club, Arts and Craft and National Elementary Honor Society . Somerset students have also competed in many athletic and academic competitions, including the Somerset Spelling Bee, the Somerset Math Bowl and etc.

As a member of the Somerset Academy network of high quality charter schools, Somerset Academy Silver Palms at Princeton is fully accredited by AdvancED under the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS-CASI) division. It is one of only a few public elementary schools in Miami-Dade County to be fully accredited by AdvancEd. As with all the schools within the network, Somerset Academy Silver Palms at Princeton places high expectations for student learning and offers multiple opportunities for all students to acquire requisite knowledge, skills, and attitudes in a safe and nurturing environment. Key to achieving successful learning for all students is the school’s implementation of research-based instructional strategies by a highly qualified instructional staff, and the use of innovative resources in a technology-rich setting.

## **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 \$624,011. The fund balance unassigned and available for spending at the School's discretion is \$498,527. These funds will be available for the School's future ongoing operations.

### Capital Assets

The School's investment in capital assets as of June 30, 2019 amounts to \$377,973 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture, fixtures and computer equipment. As of June 30, 2019, the School had no long term debt relating to its capital assets.

### Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Program Revenues			
State capital outlay funding	\$ 125,000	\$ 115,460	\$ 115,452
Federal sources	212,831	216,000	216,321
Lunch program	96,800	96,700	97,465
General Revenues			
FTE and other nonspecific revenues	1,800,872	1,843,892	1,844,846
Charges and other revenues	38,800	107,463	109,647
Total Revenues	<u>2,274,303</u>	<u>2,379,515</u>	<u>2,383,731</u>
<b>CURRENT EXPENDITURES</b>			
Component Unit Activities			
Instruction	1,165,445	1,047,368	1,046,428
Student support services	52,250	7,500	6,976
Instructional staff training	2,500	5,945	1,713
Board	60,000	24,100	21,388
School administration	266,889	225,494	224,934
Fiscal services	37,500	35,550	35,550
Food services	119,800	119,200	118,861
Central services	29,319	43,983	41,158
Operation of plant	348,926	733,511	737,881
Maintenance of plant	59,500	108,000	100,435
Administrative technology services	3,000	3,000	2,876
Total Current Expenditures	<u>\$ 2,145,129</u>	<u>\$ 2,353,651</u>	<u>\$ 2,338,200</u>

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

### Requests for Information

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

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

Statement of Net Position  
June 30, 2019

<b><u>Assets</u></b>	<b><u>Governmental Activities</u></b>
Current assets:	
Cash and cash equivalents	\$ 61,797
Investments	506,000
Prepaid expenses and other assets	125,484
Due from other agencies	30,430
Total Current Assets	723,711
Due from other division of Somerset Academy, Inc., net	1,555,143
Capital assets, depreciable	452,296
Less: accumulated depreciation	(74,323)
	377,973
Total Assets	2,656,827
<b><u>Deferred Outflows of Resources</u></b>	<b><u>-</u></b>
<b><u>Liabilities</u></b>	
Current liabilities:	
Salaries and wages payable	91,667
Accounts payable	8,033
Total Current Liabilities	99,700
<b><u>Deferred Inflows of Resources</u></b>	<b><u>-</u></b>
<b><u>Net Position</u></b>	
Net investment in capital assets	377,973
Unrestricted	2,179,154
Total Net Position	\$ 2,557,127

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

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

Statement of Activities

For the year ended June 30, 2019

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 1,101,005	\$ 85,304	\$ 193,785	\$ -	\$ (821,916)
Student support services	6,976	-	-	-	(6,976)
Instructional staff training	1,713	-	-	-	(1,713)
Board	21,388	-	-	-	(21,388)
School administration	226,647	-	-	-	(226,647)
Facilities acquisition	11,470	-	-	-	(11,470)
Fiscal services	35,550	-	-	-	(35,550)
Food services	120,030	3,829	93,636	-	(22,565)
Central services	41,158	-	-	-	(41,158)
Operation of plant	737,881	10,362	-	115,452	(612,067)
Maintenance of plant	105,828	-	22,536	-	(83,292)
Administrative technology services	2,876	-	-	-	(2,876)
<b>Total governmental activities</b>	<b>2,412,522</b>	<b>99,495</b>	<b>309,957</b>	<b>115,452</b>	<b>(1,887,618)</b>
General revenues:					
FTE and other nonspecific revenues					1,844,846
Investment earnings					10,150
Other revenues					<u>3,831</u>
Change in net position					(28,791)
Net position, beginning					<u>2,585,918</u>
Net position, ending					<u>\$ 2,557,127</u>

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

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

Balance Sheet - Governmental Funds  
June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund (Non-Major)	Total Governmental Funds
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 61,797	\$ -	\$ -	\$ 61,797
Investments	506,000	-	-	506,000
Due from other agencies	-	28,521	1,909	30,430
Due from fund	30,430	-	-	30,430
Prepaid expenses	125,484	-	-	125,484
Total Assets	<u>723,711</u>	<u>28,521</u>	<u>1,909</u>	<u>754,141</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Liabilities</u></b>				
Salaries and wages payable	91,667	-	-	91,667
Accounts payable	8,033	-	-	8,033
Due to fund	-	28,521	1,909	30,430
Total Liabilities	<u>99,700</u>	<u>28,521</u>	<u>1,909</u>	<u>130,130</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Fund balance</u></b>				
Nonspendable, not in spendable form	125,484	-	-	125,484
Restricted		-	-	-
Unassigned	498,527	-	-	498,527
	<u>624,011</u>	<u>-</u>	<u>-</u>	<u>624,011</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 723,711</u>	<u>\$ 28,521</u>	<u>\$ 1,909</u>	<u>\$ 754,141</u>

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

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2019

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Total Fund Balance - Governmental Funds	\$ 624,011
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Amounts reported for governmental activities in the statement of net position  
are different because:

Capital assets of \$452,296 net of accumulated depreciation of \$74,323 used in governmental activities are not financial resources and therefore are not reported in the fund.	377,973
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Long term receivables and deposits in governmental activities are not financial resources and therefore are not reported in the governmental funds	<u>1,555,143</u>
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Total Net Position - Governmental Activities	<u>\$ 2,557,127</u>
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The accompanying notes are an integral  
part of this financial statement.

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the year ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund (Non-Major)	Total Governmental Funds
Revenues:				
State capital outlay funding	\$ -	\$ -	\$ 115,452	\$ 115,452
State passed through local	1,844,846	-	-	1,844,846
Federal sources	-	216,321	-	216,321
Lunch program	-	97,465	-	97,465
Charges and other revenue	109,647	-	-	109,647
Total Revenues	<u>1,954,493</u>	<u>313,786</u>	<u>115,452</u>	<u>2,383,731</u>
Expenditures:				
Current				
Instruction	858,628	187,800	-	1,046,428
Board	21,388	-	-	21,388
Student support services	6,976	-	-	6,976
Instructional staff training	1,713	-	-	1,713
School administration	224,934	-	-	224,934
Fiscal services	35,550	-	-	35,550
Food services	-	118,861	-	118,861
Central services	41,158	-	-	41,158
Operation of plant	622,429	-	115,452	737,881
Maintenance of plant	100,435	-	-	100,435
Administrative technology services	2,876	-	-	2,876
Capital Outlay:				
Other capital outlay	419,228	-	-	419,228
Debt service:				
Repayment of tenant improvement debt	123,958	-	-	123,958
Repayment of debt to other charter schools	150,000	-	-	150,000
Total Expenditures	<u>2,609,273</u>	<u>306,661</u>	<u>115,452</u>	<u>3,031,386</u>
Excess (deficit) of revenues over expenditures	(654,780)	7,125	-	(647,655)
Other financing sources (uses)				
Transfers in (out)	7,125	(7,125)	-	-
Transfer of capital assets	1,681,227	-	-	1,681,227
Net change in long term advances	<u>(1,555,143)</u>	<u>-</u>	<u>-</u>	<u>(1,555,143)</u>
Net change in fund balance	(521,571)	-	-	(521,571)
Fund Balance at beginning of year	<u>1,145,582</u>	<u>-</u>	<u>-</u>	<u>1,145,582</u>
Fund Balance at end of year	<u>\$ 624,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 624,011</u>

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

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2019

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Net Change in Fund Balance - Governmental Funds \$ (521,571)

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 expense. This is the amount by which capital outlays of \$419,228 differed from depreciation expense of \$74,322 and transfer of capital assets of \$1,681,227 during the period. (1,336,321)

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. This is the amount by which net increase in long-term receivables of \$1,555,143 differed from collections of \$0 in the current period. 1,555,143

Decrease in long term payables is an expenditure in the governmental funds, but a decrease long-term liabilities in the statement of net position. This is the amount by which increase in long-term payables of \$0 differed from repayments of \$273,958 in the current period. 273,958

Change in Net Position of Governmental Activities \$ (28,791)

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



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

Statement of Net Position - Fiduciary Funds  
June 30, 2019

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<u>Assets</u>	<u>Agency Funds</u>
Cash	\$ 8,470
Total Assets	<u>8,470</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Due to students and clubs	8,470
Total Liabilities	<u>8,470</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	<u>\$ -</u>

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

## **Note 1 – Summary of Significant Accounting Policies**

### Reporting Entity

Somerset Academy Silver Palms at Princeton (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The School's charter is held by Somerset Academy, Inc. and Subsidiary, 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. and Subsidiary, which is composed of seven members and also governs other charter schools. The board of directors has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expires on June 30, 2032 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Miami, Florida for students from grades kindergarten through fifth and is funded by the District. These financial statements are for the year ended June 30, 2019, when on average 237 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.

### Deferred Outflows/Inflows of Resources

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

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

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

### Government-wide and Fund Financial Statements

#### *Government-wide and Fund Financial Statements*

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

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

#### *Fund Financial Statements*

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

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

*Special Revenue Fund* – accounts for specific revenue, such as the federal school lunch program and other federal grants that are legally restricted to expenditures for particular purposes.

Additionally, the School reports separately the following fiduciary fund types:

*Agency Fund* – accounts for resources of the School's Internal Fund, which is used to administer monies collected at the schools in connection with school, student athletics, class, and club activities.

### Measurement Focus and Basis of Accounting

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

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

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

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

**Cash, Cash Equivalents and Investments**

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

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 has adopted GASB Codification Section 3100 *Fair Value Measurement and Application* (Note 3).

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

Inter-fund Transfers

Inter-fund receivables/payables (“due from/to”) are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Due from Other Governments or Agencies

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

Long –Term Debt

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

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 \$500 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	10 Years
Furniture, Equipment and Software	5 Years
Textbooks	3 Years

Compensated Absences

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

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

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

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

**Revenue Sources**

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

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

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

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

Net Position and Fund Balance Classifications

*Government-wide financial statements*

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

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

*Fund financial statements*

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

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). All nonspendable fund balances at year end relate to not in spendable form assets.
- 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. There are no restricted fund balances at year end.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

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

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as unassigned 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.

Income Taxes

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

Budgets and Budgetary Accounting

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

Use of Estimates

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

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 10, 2019, which is the date the financial statements were available to be issued.



Somerset Academy Silver Palms at Princeton  
(A charter school under Somerset Academy, Inc. and Subsidiary )  
Notes to Financial Statements  
June 30, 2019

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**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, 2019:

	Balance 07/01/18	Additions	Transfers/ Reclassification	Balance 06/30/19
Capital Assets:				
Buildings and Improvements	\$ 2,139,741	\$ 14,435	\$ (2,106,673)	\$ 47,503
Computer equipment and software	430,610	158,726	(430,610)	158,726
Furniture, equipment and textbooks	482,495	246,067	(482,495)	246,067
Total Capital Assets	<u>\$ 3,052,846</u>	<u>\$ 419,228</u>	<u>\$ (3,019,778)</u>	<u>\$ 452,296</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$ (569,362)	\$ (5,461)	\$ 569,360	\$ (5,463)
Computer equipment and software	(323,130)	(25,468)	323,130	(25,468)
Furniture, equipment and textbooks	(446,060)	(43,393)	446,061	(43,392)
Total Accumulated Depreciation	<u>\$ (1,338,552)</u>	<u>\$ (74,322)</u>	<u>\$ 1,338,551</u>	<u>\$ (74,323)</u>
Capital Assets, net	<u>\$ 1,714,294</u>	<u>\$ 344,906</u>	<u>\$ (1,681,227)</u>	<u>\$ 377,973</u>

For the fiscal year ended June 30, 2019, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$ 54,577
School administration	1,713
Facilities acquisition	11,470
Food service	1,169
Maintenance of Plant	5,393
Total Depreciation Expense	<u>\$ 74,322</u>

### **Note 3 – Cash, Cash Equivalents and Investments**

#### Deposits

The School maintains its cash and cash equivalents in one financial institution. As of June 30, 2019, the School's deposits consisted of cash balances of \$61,043.

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, 2019, bank balances in potential excess of FDIC coverage was \$73,346; including fiduciary account bank balances.

#### Investments

The School categorizes its fair value measurements within the fair value hierarchy established by GASB Codification Section 3100 *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, 2019, the School has the following recurring fair value measurements:

- Government money market mutual fund of \$630,000 valued using Level 2 inputs.

The government 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 July 31, 2019, maturities of the fund's portfolio holdings are approximately 81% 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.

**Note 3 – Cash, Cash Equivalents and Investments (continued)**

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, 2019, 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 –Education Services and Support Provider Agreement**

Academica Dade, LLC, a professional education service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting and virtual education services. The agreement calls for a fee on a per student basis. The agreement is with Somerset Academy, Inc. and Subsidiary for a period of five years, through June 30, 2021, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2019, the School incurred approximately \$106,650 in fees.

Academica Dade, LLC is located at 6340 Sunset Drive, Miami, Florida 33143.

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

During prior years, the School was located at a facility shared with Somerset Silver Palms and Somerset High Dade (charter schools under Somerset Academy, Inc. and Subsidiary ). At the start of the 2018-2019 school year, the School moved to its own facility (See Note 6) and the lease commitments and capital assets related to the previous facility were assumed by Somerset Academy at Silver Palms (MSID 0332). The capital assets pertaining to the former facility that were on the books of the School, were transferred to the books of MSID 0332 and a due to/due from balance was recorded on the books of the respective schools. In addition, certain employees are still shared between the two schools and management allocated a proportionate share of the salaries and benefits to each school individually based on student enrollment.

Somerset Academy Silver Palms at Princeton  
(A charter school under Somerset Academy, Inc. and Subsidiary )  
Notes to Financial Statements  
June 30, 2019

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**Note 5 –Transactions with other division of Somerset Academy, Inc. (continued)**

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

	Balance 07/01/18	Additions	Deletions	Balance 06/30/19
Due from Somerset Academy at Silver Palms	\$ -	\$ 1,592,682	\$ 37,539	\$ 1,555,143
Total long term receivables	<u>\$ -</u>	<u>\$ 1,592,682</u>	<u>\$ 37,539</u>	<u>\$ 1,555,143</u>

The following Schedule provides a summary of balances due to Somerset Academy High School:

	Balance 07/01/18	Additions	Deletions	Balance 06/30/19
Due to Somerset Academy High Dade	150,000	-	150,000	-
Total long term payables	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>

Somerset Academy, Inc., (the “Corporation”) charges an assessment to all its affiliated schools for shared corporate costs and accreditation expenses. During the year ended June 30, 2019, the school paid \$35,550 to the Corporation for these shared costs.

**Note 6 – Commitments, Contingencies and Concentrations**

During prior years, the School shared its facility with Somerset Academy at Silver Palms (a charter school under Somerset Academy, Inc. and Subsidiary ) and shared in the related lease entered into with Southwestern Grant II, LLC (Phase II). Under the agreement, the School reimbursed the landlord for tenant improvements which were paid off during the year when the School moved to a new facility. The following summarizes the activity in the tenant improvement liability:

	Balance 07/01/18	Additions	Deletions	Balance 06/30/19
Due to landlord	\$ 123,958	\$ -	\$ 123,958	\$ -
Total long term payables	<u>\$ 123,958</u>	<u>\$ -</u>	<u>\$ 123,958</u>	<u>\$ -</u>

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

**Note 6 – Commitments, Contingencies and Concentration (continued)**

For 2019, rent expense totaled \$368,750.

Future minimum payments under the facility lease are as follows:

<u>Year</u>	
2020	\$403,750
2021	\$498,750
2022	\$570,000
2023	\$570,000
2024	\$570,000
2025-2029	\$2,850,000 (Total for five year period)

**Contingencies and Concentration**

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

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2019, administrative fees withheld by the School District totaled \$34,262.

## Note 7 – Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School has entered into a strategic relationship with ADP TotalSource, Inc., a human resource management firm, typically known as “Professional Employer Organization” (PEO). Under a co-employment agreement, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

## Note 8 - Interfund Transfers and Balances

Interfund transfers as of June 30, 2019 consists of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund lunch deficit	\$ (21,396)	\$ 21,396	\$ -
Reimbursement from Federal Grant for prior period expenditures	28,521	(28,521)	-
Total Transfers, net	<u>\$ 7,125</u>	<u>\$ (7,125)</u>	<u>\$ -</u>

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

	General Fund	Special Revenue Fund	Capital Projects Fund
Due to General Fund from Capital Projects Fund for capital outlay	\$ 1,909	\$ -	\$ (1,909)
Due to General Fund from Special Revenue Fund for Title IV	5,985	(5,985)	-
Due to General Fund from Special Revenue Fund for Resart Grant	22,536	(22,536)	-
Total Due from/(Due to)	<u>\$ 30,430</u>	<u>\$ (28,521)</u>	<u>\$ (1,909)</u>

## Note 9– Defined Contribution Retirement Plan

The School’s personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School provides a match of 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$24,882 for the year ended June 30, 2019. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya.

## REQUIRED SUPPLEMENTARY INFORMATION

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

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2019

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 1,800,872	\$ 1,843,892	\$ 1,844,846
Charges and other revenue	38,800	107,463	109,647
Total Revenues	1,839,672	1,951,355	1,954,493
<b>EXPENDITURES</b>			
Current:			
Instruction	976,414	859,368	858,628
Student Support Services	52,250	7,500	6,976
Instructional Staff Training	2,500	5,945	1,713
Board	60,000	24,100	21,388
School Administration	266,889	225,494	224,934
Fiscal Services	37,500	35,550	35,550
Central Services	29,319	43,983	41,158
Operation of Plant	223,926	618,051	622,429
Maintenance of Plant	59,500	108,000	100,435
Community Services	3,000	3,000	2,876
Total Current Expenditures	1,711,298	1,930,991	1,916,087
Capital Outlay and Debt Service:			
Debt Service:			
Repayment of tenant improvement debt	-	-	123,958
Repayment of debt to other charter schools	-	150,000	150,000
Capital Outlay			
Other Capital Outlay	93,801	420,000	419,228
Total Capital Outlay and			
Debt Service Expenditures	93,801	570,000	693,186
Total Expenditures	1,805,099	2,500,991	2,609,273
Excess of Revenues Over Expenditures	34,573	(549,636)	(654,780)
Other financing sources (uses):			
Transfers in (out)	800	5,500	7,125
Transfer of capital assets	-	-	1,681,227
Net change in long term advances	-	131,610	(1,555,143)
Net change in fund balance	35,373	(412,526)	(521,571)
Fund Balance at beginning of year	1,145,582	1,145,582	1,145,582
Fund Balance at end of year	\$ 1,180,955	\$ 733,056	\$ 624,011

Notes to Budgetary Comparison Schedule

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



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

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2019

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 212,831	\$ 216,000	\$ 216,321
Lunch program	96,800	96,700	97,465
Total Revenues	309,631	312,700	313,786
EXPENDITURES			
Current:			
Instruction	189,031	188,000	187,800
Food services	119,800	119,200	118,861
Total Current Expenditures	308,831	307,200	306,661
Excess of Revenues Over Current Expenditures	800	5,500	7,125
Capital Outlay	-	-	-
Total Expenditures	308,831	307,200	306,661
Excess of Revenues Over Expenditures	800	5,500	7,125
Other financing sources (uses)			
Transfers in (out)	(800)	(5,500)	(7,125)
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

Notes to Budgetary Comparison Schedule

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Somerset Academy Silver Palms at Princeton (the "School") as of, and for the year ended June 30, 2019, 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 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

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HLB Gravier, LLP is a member of  International. A world-wide organization of accounting firms and business advisers.

### Compliance and Other Matters

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

We noted certain matters that were reported to management in a separate management letter dated September 10, 2019 pursuant to Chapter 10.850, Rules of the Auditor General.

### Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 10, 2019



## MANAGEMENT LETTER

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

### **Report on the Financial Statements**

We have audited the financial statements of Somerset Academy Silver Palms at Princeton as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated September 10, 2019.

### **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 10, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no findings and recommendations made in the preceding annual financial report.

### **Official Title**

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

## **Financial Condition and Management**

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

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Somerset Academy Silver Palms at Princeton. It is management's responsibility to monitor Somerset Academy Silver Palms at Princeton financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we had the following recommendations:

### **ML – 19-01 CAPITAL ASSETS**

Criteria: The School is required to maintain an inventory of capital assets purchased with public funds in accordance with local, state or federal regulations.

Condition: We noted that the School does not have a formal process for reconciling the capital assets inventory report to the capital assets of the Schools trial balance.

Cause: The condition results from school personnel not consistently performing an inventory of all fixed assets and reconciling to the Schools trial balance.

Effect: Failure to perform the procedures mentioned above could result in a misstated Annual Property Inventory.

Recom-  
mendation: We recommend that the School perform an annual inventory of all capital assets and reconcile to the capital asset ledgers recorded on the School's books.

Views of  
Responsible

Officials: Management will adhere to auditor's recommendation. The ESSP is assisting the Schools with identifying the proper support to ensure schools are in full compliance with inventory requirements.

## **ML – 19-02 INTERNAL ACCOUNT DEPOSITS**

- Criteria: The School designed and implemented an internal control system to reduce the risk of misappropriation of assets and/or cash receipts by establishing a general policy regarding the collection of money as detailed in the School's "Internal Accounts – Policies and Procedures" handbook.
- Condition: We noted the following: deposits were missing receipts for cash collections of over \$15 and Recap of Collection Forms were not signed by the treasurer
- Cause: The condition results from school personnel not consistently adhering to the policies and procedures regarding the collection of money as detailed in the handbook.
- Effect: Failure to perform the procedures mentioned above could result in misappropriation of cash receipts.
- Recommendation: We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all deposits and cash receipts are properly counted, reviewed, and reconciled to the amount deposited in the bank account.

### **Views of Responsible**

officials: See attached management response.

## **ML – 19-03 INTERNAL ACCOUNT MONTHLY CLOSING PROCEDURES**

- Criteria: The School designed an internal control system to reduce the risk of misappropriation of assets including cash receipts and disbursements by establishing a general policy requiring the timely monitoring and reconciling of all bank accounts on a monthly basis as detailed in the School's "Internal Accounts – Policies and Procedures" handbook.
- Condition: We noted that the internal accounts of the school had not been properly reconciled as of June 30, 2019.
- Cause: The condition results from school personnel not consistently adhering to the policies and procedures regarding the monthly closing procedures as detailed in the handbook.
- Effect: Failure to perform the procedures mentioned above could result in misappropriation of assets and misstatement of the internal account revenues and fiduciary fund balances.

Recom-  
mendation: We recommend that the School adheres to its internal control policies and procedures relating to the internal account closing procedures so that all deposits and cash receipts are properly counted, reviewed, and reconciled to the amount deposited in the bank account and the general ledger.

Views of  
Responsible  
officials: See attached management response.

### **Transparency**

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether Somerset Academy Silver Palms at Princeton maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Somerset Academy Silver Palms at Princeton maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

### **Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

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

A handwritten signature in blue ink that reads "HLB Grainer, CPA".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 10, 2019

September 13<sup>th</sup>, 2019

HLB Gravier, LLP  
396 Alhambra Circle, 9<sup>th</sup> Floor  
Coral Gables, FL 33134

**RE: MANAGEMENT'S RESPONSE TO AUDITOR'S RECOMMENDATION**

The following is the response by the School's Administrator to your recommendations:

**ML – 19-03 INTERNAL ACCOUNT MONTHLY CLOSING PROCEDURES**

**Recommendation**

We recommend that the School adheres to its internal control policies and procedures relating to the internal account closing procedures so that all deposits and cash receipts are properly counted, reviewed, and reconciled to the amount deposited in the bank account and the general ledger.

**Management Response**

Management will adhere to the auditor's recommendation. Continuous oversight of the internal account closing procedures will be performed by the Principal, ensuring that all deposits and cash receipts are properly counted, reviewed and reconciled to the amount deposited in the bank account and the general ledger.

**ML – 19-04 INTERNAL ACCOUNT DEPOSITS**

**Recommendation**

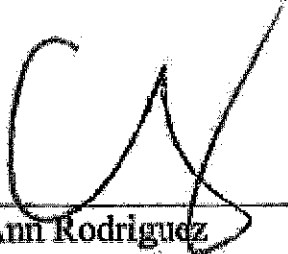
We recommend that the School adheres to its internal control policies and procedures relating to the internal account so that all deposits and cash receipts are properly counted, reviewed, and reconciled to the amount deposited in the bank account.

**Management Response**

Management will adhere to the auditor's recommendation. Continuous oversight of deposits will be performed by the Principal, ensuring that all deposits and cash receipts are properly counted, reviewed and reconciled to the amount deposited in the bank account.



Sincerely,

A handwritten signature in black ink, appearing to read 'Kerri Ann Rodriguez', written over a horizontal line.

Kerri Ann Rodriguez  
Principal, Somerset Academy Silver Palms