

**TRUE NORTH CLASSICAL ACADEMY AT DADELAND
(MSID 1002)
MIAMI, FLORIDA
(A CHARTER SCHOOL UNDER TRUE NORTH
CLASSICAL ACADEMY, INC.)**

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

JUNE 30, 2022

TRUE NORTH CLASSICAL ACADEMY AT DADELAND
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2022

TABLE OF CONTENTS

| | PAGES |
|---|-------|
| General Information..... | 1 |
| BASIC FINANCIAL STATEMENTS | |
| Independent Auditor’s Report..... | 2-4 |
| Management’s Discussion and Analysis (not covered by Independent Auditor’s Report)..... | 5-10 |
| Basic Financial Statements | |
| <i>Government-wide Financial Statement:</i> | |
| Statement of Net Position..... | 11 |
| Statement of Activities..... | 12 |
| <i>Fund Financial Statements:</i> | |
| Balance Sheet – Governmental Funds..... | 13 |
| Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position..... | 14 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds..... | 15 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities..... | 16 |
| <i>Notes to Basic Financial Statements.....</i> | 17-25 |
| Required Supplemental Information | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual – General Fund..... | 26 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual – Special Revenue Fund..... | 27 |
| <i>Notes to Required Supplemental Information.....</i> | 28 |
| 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> | 29-30 |
| Management Letter..... | 31-32 |

TRUE NORTH CLASSICAL ACADEMY AT DADELAND
(MSID 1002)
(A Charter School Under True North Classical Academy, Inc.)

7900 SW 86th Street
Miami, FL 33143
(305)487-8884

2021-2022

BOARD OF DIRECTORS

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

SCHOOL ADMINISTRATION

Ms. Jeanine Finlay, Headmaster



INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of True North Classical Academy at Dadeland (the "School"), a charter school under True North Classical Academy Souths, Inc., as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of True North Classical Academy South, as of June 30, 2022, 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 Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School as of June 30, 2022, and the respective changes in financial position or the year then ended, and is not intended to be a complete presentation of True North Classical Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of True North Classical Academy, Inc. as of June 30, 2022 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 5 to the financial statements, during the current fiscal year, the School adopted new accounting guidance, GASB No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2022 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Academy's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 15, 2022

Management’s Discussion and Analysis
True North Classical Academy at Dadeland
June 30, 2022

The corporate officers of True North Classical Academy at Dadeland (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2022, the fourth full year of operation.

FINANCIAL HIGHLIGHTS

1. During its fourth year of operations, the School had an increase in its net position of \$1,053,071 for the year ended June 30, 2022.
2. At year-end, the School had current assets of \$2,010,713.
3. The School’s fund balance increased by \$1,114,941 and had a combined fund balance of \$1,760,245 at June 30, 2022.

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, 2022 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements can be found on pages 11 - 12 of this report.

Fund Financial Statements

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

Management's Discussion and Analysis
 True North Classical Academy at Dadeland
 June 30, 2022

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 13 - 16 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 17 - 25 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2022 and 2021 follows:

| Assets | 2022 | 2021 |
|--|---------------|--------------|
| Cash | \$ 1,066,895 | \$ 864,871 |
| Due from other agencies | 719,625 | 80,091 |
| Due from related parties | 203,156 | - |
| Prepaid expenses | 21,037 | 13,070 |
| Capital assets, net | 212,766 | 244,673 |
| Right-of-use asset, net | 13,532,891 | - |
| Total Assets | \$ 15,756,370 | \$ 1,202,705 |
| Liabilities and Net Position | | |
| Accounts and wages payable and accrued liabilities | \$ 250,468 | \$ 114,456 |
| Loan payable | 30,506 | 203,687 |
| Advanced grants | - | 153,975 |
| Due to related parties | - | 44,297 |
| Right-of-use liability, net | 13,736,035 | - |
| Total Liabilities | 14,017,009 | 516,415 |
| Net investment in capital assets | (20,884) | 168,328 |
| Restricted | 5,503 | 8,029 |
| Unrestricted | 1,754,742 | 509,933 |
| Total Net Position | 1,739,361 | 686,290 |
| Total Liabilities and Net Position | \$ 15,756,370 | \$ 1,202,705 |

Management's Discussion and Analysis
True North Classical Academy at Dadeland
June 30, 2022

At June 30, 2022, the School's total assets were \$15,756,370 and total liabilities were \$14,017,009, which include right-to-use assets and liabilities totaling \$13,532,891 and \$13,736,035, respectively. At June 30, 2022, the School reported total net position of \$1,739,361. This was the School's fourth year of operations.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2022 and 2021 follows:

| REVENUES | 2022 | 2021 |
|---|---------------------|-------------------|
| Program Revenues | | |
| Federal grants | \$ 984,462 | \$ 475,357 |
| Capital outlay funding | 190,364 | 88,154 |
| Charges for services and other grants | 439,811 | 59,595 |
| General Revenues | | |
| FEFP nonspecific revenue | 2,765,214 | 1,375,787 |
| Fundraising and other revenue | 128,547 | 20,081 |
| Total Revenues | 4,508,398 | 2,018,974 |
| EXPENSES | | |
| Instruction | 1,582,452 | 910,227 |
| Board | 10,136 | 1,067 |
| General administration | 50,243 | 65,584 |
| School administration | 229,022 | 178,537 |
| Fiscal services | 284,731 | 27,963 |
| Food services | 82,597 | 33,792 |
| Operation of plant | 680,572 | 280,010 |
| Administrative technical services | 102,291 | 16,542 |
| Community services and extracurricular activities | 81,346 | 28,860 |
| Interest expense | 351,937 | 6,766 |
| Total Expenses | 3,455,327 | 1,549,348 |
| Change in Net Position | 1,053,071 | 469,626 |
| Net Position at Beginning of Year | 686,290 | 216,664 |
| Net Position at End of Year | \$ 1,739,361 | \$ 686,290 |

The School's total revenues for the year ended June 30, 2022 were \$4,508,398 while its total expenses were \$3,455,327 for a net increase of \$1,053,071. This was the School's fourth full year of operations. The School's enrollment increased from 170 to 360 students.

Management's Discussion and Analysis
True North Classical Academy at Dadeland
June 30, 2022

ACCOMPLISHMENTS

A True North education seeks for all students to achieve their highest potential through a rigorous, knowledge-rich curriculum that is grounded in the classical liberal arts tradition that holds intellectual and moral virtue as the noblest of aims. Despite the turbulence due to the COVID pandemic, our students continued to achieve at their highest potential. True North received an A grade by the Florida Department of Education, and once again scored at the very highest of the county and Florida and ranked in the top 1% of all elementary schools in Florida.

True North's unique mission is palpable in the school culture. Parents were exceptionally appreciative of the moral and joyful environment, and this was reflected in the year-end parental survey, which showed that 98% of parents rated the school an A or B on the question of "my child enjoys attending True North", and "True North positively shaped their children's character". The high level of parental enthusiasm is a fundamental reason the School's reputation so quickly spread and resulted in over 780 students applying for the 2022-2023 school year.

SCHOOL LOCATION

The School operates in the Miami area located at 7900 SW 86th Street, Miami, FL 33143.

CAPITAL IMPROVEMENT REQUIREMENT

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

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

At the end of the fiscal year, the School's governmental funds had an increase in fund balance of \$1,114,941 and reported a combined fund balance of \$1,760,245 in its fourth full year of operations.

CAPITAL AND RIGHT-TO-USE ASSETS

The School's investment in capital and right-of-use assets, as of June 30, 2022, amounts to \$13,745,657 (net of accumulated depreciation and amortization). This investment includes right-to-use assets related to facilities, leasehold improvements, furniture, fixtures and equipment, and audiovisual materials and computer software, net of related long-term liabilities.

LOANS PAYABLE

The School entered into a note payable with Building Hope, a Charter School Facilities Fund, for the amount of \$189,294. The note bears interest at six percent (6%) per year and has a maturity date of January 1, 2023. The School made principal payments of \$46,414 and the outstanding balance at June 30, 2022 was \$30,506.

Management's Discussion and Analysis
 True North Classical Academy at Dadeland
 June 30, 2022

LOANS PAYABLE (Continued)

The School, through a related party True North Classical Academy, Inc., was allocated loan proceeds of \$127,342 through the Paycheck Protection Program ("PPP"). The loan proceeds are to be used for payroll, rent, utilities, and interest expense during a specified period in order to qualify for forgiveness. The loan and accrued interest were forgiven or repaid in full as of June 30, 2022.

GOVERNMENTAL FUND BUDGET ANALYSIS

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

| | All Governmental Funds | | |
|---|------------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| State passed through local | \$ 2,751,702 | \$ 2,765,214 | \$ 2,765,214 |
| State capital outlay funding | 190,418 | 190,364 | 190,364 |
| Federal grants | 372,285 | 984,462 | 984,462 |
| Charges for services | 66,171 | 285,836 | 285,836 |
| Grants, fundraising and other income | 186,474 | 163,209 | 163,209 |
| TOTAL REVENUES | <u>3,567,050</u> | <u>4,389,085</u> | <u>4,389,085</u> |
| EXPENDITURES | | | |
| Instruction | 1,403,700 | 1,554,954 | 1,554,954 |
| Board | 3,344 | 10,136 | 10,136 |
| General administration | - | 50,243 | 50,243 |
| School administration | 289,737 | 229,022 | 229,022 |
| Fiscal services | 227,288 | 284,731 | 284,731 |
| Food services | 92,360 | 82,597 | 82,597 |
| Operation of plant | 634,501 | 351,128 | 351,128 |
| Administrative technical services | 32,614 | 102,291 | 102,291 |
| Community services and extracurricular activities | 75,166 | 81,346 | 81,346 |
| Capital Outlay: | | | |
| Right-of-use (facility) | - | - | 13,857,926 |
| Debt service | 330,107 | 527,696 | 527,696 |
| TOTAL EXPENDITURES | <u>3,088,817</u> | <u>3,274,144</u> | <u>17,132,070</u> |
| Change in fund balance | 478,233 | 1,114,941 | (12,742,985) |
| Other financing sources | - | - | 13,857,926 |
| Net change in fund balance | <u>\$ 478,233</u> | <u>\$ 1,114,941</u> | <u>\$ 1,114,941</u> |

The School's initial budget did not reflect awards under the CARES Act that were allocated and available to the School towards the end of the year for expenses already incurred during 2021-2022. In addition, facility lease expenses were originally budgeted in operation of plant but are reported under debt service due to the implementation of GASB No. 87, *Leases*.

Management's Discussion and Analysis
True North Classical Academy at Dadeland
June 30, 2022

REQUESTS FOR INFORMATION

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

TRUE NORTH CLASSICAL ACADEMY AT DADELAND
STATEMENT OF NET POSITION
JUNE 30, 2022

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents | \$ 1,066,895 |
| Due from other agencies | 719,625 |
| Due from related parties | 203,156 |
| Prepaid expenses | 21,037 |
| TOTAL CURRENT ASSETS | <u>2,010,713</u> |
| CAPITAL ASSETS | |
| Improvements other than buildings | 189,295 |
| Less accumulated depreciation | (20,843) |
| Furniture and equipment | 104,639 |
| Less accumulated depreciation | (60,325) |
| Total capital assets, net | <u>212,766</u> |
| RIGHT-TO-USE ASSETS, NET | <u>13,532,891</u> |
| TOTAL ASSETS | <u><u>\$ 15,756,370</u></u> |
| LIABILITIES AND NET POSITION | |
| LIABILITIES | |
| Accounts payable and accrued liabilities | \$ 10,513 |
| Accrued wages payable | 239,955 |
| Loans payable - current portion | 30,506 |
| Right-to-use liability, current portion | 16,110 |
| TOTAL CURRENT LIABILITIES | <u>297,084</u> |
| Right-to-use liability, long-term portion | 13,719,925 |
| TOTAL LIABILITIES | <u>14,017,009</u> |
| NET POSITION | |
| Net investment in capital and right-to-use assets, net of related debt | (20,884) |
| Restricted | 5,503 |
| Unrestricted | 1,754,742 |
| TOTAL NET POSITION | <u>1,739,361</u> |
| TOTAL LIABILITIES AND NET POSITION | <u><u>\$ 15,756,370</u></u> |

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

TRUE NORTH CLASSICAL ACADEMY AT DADELAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| Functions | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets |
|---|---------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities: | | | | | |
| Instruction | \$ 1,582,452 | \$ - | \$ 902,926 | \$ - | \$ (679,526) |
| Board | 10,136 | - | - | - | (10,136) |
| General administration | 50,243 | - | - | - | (50,243) |
| School administration | 229,022 | - | - | - | (229,022) |
| Fiscal services | 284,731 | - | - | - | (284,731) |
| Food services | 82,597 | 55,032 | 33,068 | - | 5,503 |
| Operation of plant | 680,572 | - | 202,443 | 190,364 | (287,765) |
| Administrative technical services | 102,291 | - | - | - | (102,291) |
| Community services and extracurricular activities | 81,346 | 230,804 | - | - | 149,458 |
| Interest expense | 351,937 | - | - | - | (351,937) |
| Total Governmental Activities | \$ 3,455,327 | \$ 285,836 | \$ 1,138,437 | \$ 190,364 | \$ (1,840,690) |

GENERAL REVENUES:

| | |
|---|---------------------|
| Government grants not restricted to specific programs | 2,765,214 |
| Gain on forgiveness of Paycheck Protection Program loan | 119,313 |
| Fundraising and other revenue | 9,234 |
| Total general revenues | <u>2,893,761</u> |
| Change in Net Position | 1,053,071 |
| NET POSITION - BEGINNING | <u>686,290</u> |
| NET POSITION - ENDING | <u>\$ 1,739,361</u> |

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

TRUE NORTH CLASSICAL ACADEMY AT DADELAND
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022

| | General Fund | Special Revenue Fund | Total Governmental Funds |
|---|----------------------------|--------------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,055,831 | \$ 11,064 | \$ 1,066,895 |
| Due from other agencies | 20,374 | 699,251 | 719,625 |
| Due from related parties | 203,156 | - | 203,156 |
| Prepaid expenses | 21,037 | - | 21,037 |
| Due from fund | 693,748 | - | 693,748 |
| TOTAL ASSETS | <u>\$ 1,994,146</u> | <u>\$ 710,315</u> | <u>\$ 2,704,461</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ 10,513 | \$ - | \$ 10,513 |
| Accrued wages payable | 239,955 | - | 239,955 |
| Due to fund | - | 693,748 | 693,748 |
| TOTAL LIABILITIES | <u>250,468</u> | <u>693,748</u> | <u>944,216</u> |
| FUND BALANCE | | | |
| Nonspendable | 21,037 | - | 21,037 |
| Assigned | - | 11,064 | 11,064 |
| Restricted- Food service | - | 5,503 | 5,503 |
| Unassigned | 1,722,641 | - | 1,722,641 |
| TOTAL FUND BALANCE | <u>1,743,678</u> | <u>16,567</u> | <u>1,760,245</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 1,994,146</u> | <u>\$ 710,315</u> | <u>\$ 2,704,461</u> |

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

**TRUE NORTH CLASSICAL ACADEMY AT DADELAND
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2022**

Change in Fund Balance - Governmental Funds \$ 1,114,941

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.

Depreciation expense (31,907)

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

Redemption of principal 175,759

Forgiveness of debt 119,313

In the statement of activities, amortization of the right-of-use asset is reported as an expense over the estimated life of the lease, however, in the governmental funds report it is not included as an expense

Amortization of right-to-use asset (325,035)

Change in Net Position of Governmental Activities \$ 1,053,071

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

**TRUE NORTH CLASSICAL ACADEMY AT DADELAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

| | General Funds | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|---|---------------------|-------------------------|--------------------------|--------------------------------|
| REVENUES | | | | |
| State passed through local | \$ 2,765,214 | \$ - | \$ - | \$ 2,765,214 |
| State capital outlay funding | - | - | 190,364 | 190,364 |
| Federal grants | - | 984,462 | - | 984,462 |
| Charges for services | 215,152 | 70,684 | - | 285,836 |
| Grants, fundraising and other income | 9,234 | 153,975 | - | 163,209 |
| TOTAL REVENUES | 2,989,600 | 1,209,121 | 190,364 | 4,389,085 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 652,028 | 902,926 | - | 1,554,954 |
| Board | 10,136 | - | - | 10,136 |
| General administration | 50,243 | - | - | 50,243 |
| School administration | 229,022 | - | - | 229,022 |
| Fiscal services | 284,731 | - | - | 284,731 |
| Food services | - | 82,597 | - | 82,597 |
| Operation of plant | 148,685 | 202,443 | - | 351,128 |
| Administrative technical services | 102,291 | - | - | 102,291 |
| Extracurricular activities | - | - | - | - |
| Community services and extracurricular activities | 76,758 | 4,588 | - | 81,346 |
| Capital Outlay: | | | | |
| Right-of-use (facility) | - | - | 13,857,926 | 13,857,926 |
| Debt Service: | | | | |
| Redemption of principal | 170,202 | - | 5,557 | 175,759 |
| Interest | 167,130 | - | 184,807 | 351,937 |
| TOTAL EXPENDITURES | 1,891,226 | 1,192,554 | 14,048,290 | 17,132,070 |
| Excess (deficiency) of revenues over expenditures | 1,098,374 | 16,567 | (13,857,926) | (12,742,985) |
| OTHER FINANCING SOURCES | | | | |
| Transfer from (to) | 8,029 | (8,029) | - | - |
| Increase in right-of-use liability | - | - | 13,857,926 | 13,857,926 |
| Total other financing sources | 8,029 | (8,029) | 13,857,926 | 13,857,926 |
| NET CHANGE IN FUND BALANCE | 1,106,403 | 8,538 | - | 1,114,941 |
| Fund balance at beginning of year | 637,275 | 8,029 | - | 645,304 |
| Fund balance at end of year | <u>\$ 1,743,678</u> | <u>\$ 16,567</u> | <u>\$ -</u> | <u>\$ 1,760,245</u> |

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

**TRUE NORTH CLASSICAL ACADEMY AT DADELAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Total Fund Balance - Governmental Funds \$ 1,760,245

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

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

| | |
|--------------------------|----------|
| Capital assets | 293,934 |
| Accumulated depreciation | (81,168) |

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

| | |
|------------------------|--------------|
| Right-of-use asset | 13,532,891 |
| Right-of-use liability | (13,736,035) |

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

| | |
|---------------|----------|
| Loans payable | (30,506) |
|---------------|----------|

Total Net Position - Governmental Activities

\$ 1,739,361

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

**TRUE NORTH CLASSICAL ACADEMY AT DADELAND
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

True North Classical Academy at Dadeland, f/k/a True North Classical Academy South (the “School”) is a charter school sponsored by the School Board of Miami-Dade County, Florida (the “District”). The School’s charter is held by True North Classical Academy, Inc. (the “Organization”), a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors, which is comprised of four members.

The basic financial statements of the School present only the balances, activity, and disclosures related to the School. The basic financial statements do not purport to, and do not, present fairly the financial position of the Organization as of June 30, 2022, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida. The current charter is effective until June 30, 2023. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed for up to an additional 5 years by mutual agreement.

These financial statements are for the year ended June 30, 2022, when approximately 360 students were enrolled in grades K – 5.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Major individual governmental funds, namely, the general, special revenue, and capital project funds are reported as separate columns in the fund financial statements:

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis Accounting

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR JUNE 30, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Due from Other Agencies

Due from other agencies consists of amounts due from other governmental units for revenues from federal, federal through state, state, or other sources, primarily on a cost-reimbursement basis. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts is accrued.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 per unit on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

| | |
|---------------------------------|---------|
| Furniture and equipment | 5 Years |
| Computer equipment and software | 7 Years |
| Leasehold improvements | 5 Years |

Compensated Absences

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

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

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

Advanced grants

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

Government-wide Fund Net Position

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

- Net investment in capital assets – consists of the historical capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. This also includes the right-of-use asset net of the right-of-use liability. The net investment in capital assets and right-of-use assets for the year ending June 30, 2022 was (\$20,884).

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Fund Net Position (Continued)

- Restricted net assets – consists of net assets with constraints placed on their use, either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2022 was \$5,503, which represents amounts included as due from federal agencies for the food program.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

Governmental Fund Balances

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2022, the nonspendable fund balance was \$21,037.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2022, there restricted fund balance was \$5,503, which represents amounts included as due from federal agencies for the food program.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2022, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2022, the assigned fund balance represents funds assigned for student clubs and activities.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First, Non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2022, there are no minimum fund balance requirements for any of the School’s funds.

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

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

Income Taxes

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

Use of Estimates

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

Pronouncements Issued But Not Yet Effective

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The School is currently evaluating the effect that the implementation of the standard will have on its financial statements.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 15, 2022, which is the date the financial statements were available to be issued.

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 3 – CAPITAL AND RIGHT-OF-USE ASSETS

The following schedule provides a summary of changes in capital and right-of-use assets, acquired substantially with public funds, for the year ended June 30, 2022:

| | Balance | | | Balance |
|----------------------------------|--------------|-------------|-----------|---------------|
| | July 1, 2021 | Additions | Deletions | June 30, 2022 |
| Capital Assets | | | | |
| Improvements other than building | \$ 189,295 | \$ - | \$ - | \$ 189,295 |
| Furniture and equipment | 104,639 | - | - | 104,639 |
| Total Capital Assets | 293,934 | - | - | 293,934 |
| Less Accumulated Depreciation | | | | |
| Improvements other than building | (16,434) | (4,409) | - | (20,843) |
| Furniture and equipment | (32,827) | (27,498) | - | (60,325) |
| Total Accumulated Depreciation | (49,261) | (31,907) | - | (81,168) |
| Capital Assets, net | \$ 244,673 | \$ (31,907) | \$ - | \$ 212,766 |

Depreciation expense for the year ended June 30, 2022, was \$31,907, of which \$4,409 was allocated to operation of plant and \$27,498 was allocated to instruction.

| | Balance | | | Balance |
|--------------------------------|--------------|--------------|-----------|---------------|
| | July 1, 2021 | Additions | Deletions | June 30, 2022 |
| Right-of-use assets | | | | |
| Right-of-use-Facilities | \$ - | \$13,857,926 | \$ - | \$ 13,857,926 |
| Total capital assets | - | 13,857,926 | - | 13,857,926 |
| Less accumulated amortization | | | | |
| Right-to-use asset-Facilities | - | (325,035) | - | (325,035) |
| Total accumulated depreciation | - | (325,035) | - | (325,035) |
| Right-to-use assets, net | \$ - | \$13,532,891 | \$ - | \$ 13,532,891 |

Amortization expense for the year ended June 30, 2022 was \$325,035, which was allocated to operation of plant.

NOTE 4 – DUE FROM OTHER AGENCIES

The amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds mainly consist of amounts due from the District under the Elementary and Secondary School Emergency Relief fund (“ESSER”), which total \$688,966. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts is recorded.

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Facility Lease

True North Classical Academy, Inc. entered into an agreement with Saint Andrew Greek Orthodox Church of Kendall, Inc. (the “Landlord”) to lease the School’s facilities through July 2050. The School’s required monthly rent payments were \$11,811, which is the monthly base rent, during the year ended June 30, 2022. The School is also required to pay a monthly insurance premium amount of \$1,259 to the lessor. In addition, the Organization will construct improvements to the property as defined in the lease. Upon the completion of the construction and occupancy, the required monthly minimum rent payments will equal \$20,360. The minimum rent shall increase by 2% per annum each year. For the year ended June 30, 2022, the amount paid by the School for the use of the facilities and services was \$156,840.

In accordance with the lease agreement, the Organization funded the construction of additional facilities on the leased property, which allowed the School to expand and utilize additional space during the year ended June 30, 2022. Commencing January 2022, the School shall pay monthly rent of \$46,126 to the Organization for use of the additional facilities, which is 50% of the Organization’s debt service obligations under financing arrangements undertaken to fund the expansion. The percentage is based upon the School’s usage of the additional facilities constructed through financing. Monthly rent shall be paid through December 1, 2030, the date in which the financing obligations mature, at which point the School will continue to pay rent to the Organization for continued use of the additional facilities through the end of the lease term with the Landlord, July 2050.

On July 1, 2021, the School implemented GASB Statement No. 87 *Leases*, and as a result, recorded a lease right-of-use asset and liability in these financial statements for the facility lease. The School used an interest rate of 4.5% based on the average incremental borrowing rate of the Organization to discount the annual lease payments and recognize the intangible right-of-use this asset and the lease liability as of July 1, 2021. The interest expense was \$348,873 and the amortization of the right-of-use asset was \$325,035 for the year ended June 30, 2022.

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

| <u>Fiscal Year Ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
|--------------------------|----------------------|----------------------|----------------------|---------------------------|
| 2023 | \$ 187,621 | \$ 614,292 | \$ 801,913 | |
| 2024 | 201,305 | 605,569 | 806,874 | |
| 2025 | 215,726 | 596,215 | 811,941 | |
| 2026 | 230,919 | 586,197 | 817,116 | |
| 2027 | 246,909 | 575,479 | 822,388 | |
| 2028-2032 | 1,505,323 | 2,689,438 | 4,194,761 | (Total for 5 Year Period) |
| 2033-2037 | 2,050,290 | 2,293,015 | 4,343,305 | (Total for 5 Year Period) |
| 2038-2042 | 2,749,769 | 1,757,559 | 4,507,328 | (Total for 5 Year Period) |
| 2043-2047 | 3,644,418 | 1,043,982 | 4,688,400 | (Total for 5 Year Period) |
| 2048-2051 | 2,703,755 | 191,784 | 2,895,539 | (Total for 5 Year Period) |
| | <u>\$ 13,736,035</u> | <u>\$ 10,953,530</u> | <u>\$ 24,689,565</u> | |

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 –LOANS PAYABLE

The School entered into a note payable with Building Hope, a Charter School Facilities Fund, for the amount of \$189,294. The note bears interest at six percent (6%) per year and has a maturity date of January 1, 2023. The School made principal payments of \$45,839 and the outstanding balance at June 30, 2022 was \$30,506.

The School, through the Organization, was allocated loan proceeds of \$127,342 through the Paycheck Protection Program. The loan, which was in the form of a note matures in April 2022 and bears an interest rate of 1% per annum. Proceeds are to be used for payroll, rent, utilities, and interest expense. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes noted above. The Organization applied for forgiveness for a portion of the loan, which was forgiven during the year ended June 30, 2022. Accordingly, the forgiveness of the School’s portion of the loan is recorded as a gain in the statement of activities in the fiscal year end June 30, 2022. The remaining balance owed was paid in full during the year ended June 30, 2022.

| | Balance at July 1, 2022 | Additions | Repayments | Forgiveness/ Reductions | Balance at June 30, 2022 |
|--|----------------------------|-------------|--------------------|----------------------------|-----------------------------|
| Loan payable - Building Hope | \$ 76,345 | \$ - | \$ (45,839) | \$ - | \$ 30,506 |
| Loan payable - Paycheck protection program | 127,342 | - | (8,029) | (119,313) | - |
| | <u>\$ 203,687</u> | <u>\$ -</u> | <u>\$ (53,868)</u> | <u>\$ (119,313)</u> | <u>\$ 30,506</u> |

Estimated future payments are as follows:

| <u>Years Ended June 30,</u> | |
|-----------------------------|------------------|
| 2023 | <u>\$ 30,506</u> |
| | <u>\$ 30,506</u> |

NOTE 7 –TRANSACTIONS WITH RELATED PARTIES

The Organization operates three other charter schools, True North Classical Academy, True North Classical Academy High School, and True North Classical Academy Gateway. Through the Board, management allocates a proportionate share of certain administrative salaries, lunch receipts, food and other expenses based on student enrollment. The Organization and its other charter schools may also advance and repay amounts to the School and vice versa.

The Organization charges its affiliate schools an assessment fee of \$500 per student for fiscal and administrative services. During the year ended June 30, 2022, the School was charged \$181,500 in connection with these services.

The School receives supporting advances or contributions from a related not-for-profit organization, True North Classical Academies Foundation, Inc., (the “True North Foundation”). During the year ended June 30, 2022, the School received a short-term advance of \$56,317, which was repaid by the School subsequent to year-end.

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7 – TRANSACTIONS WITH RELATED PARTIES (Continued)

Amounts due from (to) related parties at June 30, 2022 are as follows:

| | |
|---|-------------------|
| True North Classical Academy | \$ 310,864 |
| True North Classical Academy, Inc. | (36,602) |
| True North Classical Academy High School | (18,113) |
| True North Classical Academies Foundation, Inc. | (56,317) |
| True North Classical Academy Gateway | <u>3,324</u> |
| Total due to related parties, net | <u>\$ 203,156</u> |

NOTE 8 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in major banks and in high-grade investments. As of June 30, 2022, the bank balance of the School’s operating cash deposit accounts was \$1,066,896. The School is a charter school under the Organization, which also operates other schools. All bank accounts are opened under the account ownership of the Organization. Therefore, bank balances at times may potentially be in excess of Federal Depository Insurance Corporation (FDIC) limit of \$250,000. As of June 30, 2022, the School’s bank balance in potential excess of FDIC coverage was approximately \$816,900.

NOTE 9 – INTER-FUND BALANCES

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. Inter-fund balances in governmental funds as of June 30, 2022 consist of the following:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|---------------------|---------------------------------|
| Due to General Fund from Special Revenue Fund for COVID-19 (ESSER) Grants | \$ 688,966 | \$ (688,966) |
| Due to General Fund from Special Revenue Fund for Lunch Program | <u>4,782</u> | <u>(4,782)</u> |
| Total Due from/(Due to) Funds | <u>\$ 693,748</u> | <u>\$ (693,748)</u> |

During the year ended June 30, 2022, the Special Revenue Fund transferred \$8,029 to the General Fund for reimbursement for the payment of the PPP loan that was not forgiven.

NOTE 10 – GRANTS

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

NOTE 11 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

REQUIRED SUPPLEMENTAL INFORMATION

**TRUE NORTH CLASSICAL ACADEMY SOUTH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

| | General Fund | | |
|---|-------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| State passed through local | \$ 2,751,702 | \$ 2,765,214 | \$ 2,765,214 |
| Charges for services | 66,171 | 215,152 | 215,152 |
| Grants, fundraising and other income | - | 9,234 | 9,234 |
| TOTAL REVENUES | 2,817,873 | 2,989,600 | 2,989,600 |
| EXPENDITURES | | | |
| Instruction | 1,123,775 | 652,028 | 652,028 |
| Board | 3,344 | 10,136 | 10,136 |
| General administration | - | 50,243 | 50,243 |
| School administration | 289,737 | 229,022 | 229,022 |
| Fiscal services | 227,288 | 284,731 | 284,731 |
| Operation of plant | 290,108 | 148,685 | 148,685 |
| Administrative technical services | 32,614 | 102,291 | 102,291 |
| Community services and extracurricular activities | 70,601 | 76,758 | 76,758 |
| Debt service | 330,107 | 337,332 | 337,332 |
| TOTAL EXPENDITURES | 2,367,574 | 1,891,226 | 1,891,226 |
| Excess of revenues over expenditures | <u>\$ 450,299</u> | <u>\$ 1,098,374</u> | <u>\$ 1,098,374</u> |

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY SOUTH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

| | Special Revenue Fund | | |
|---|----------------------|------------------|------------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| Federal grants | \$ 372,285 | \$ 984,462 | \$ 984,462 |
| Charges for services | - | 70,684 | 70,684 |
| Grants, fundraising and other income | 186,474 | 153,975 | 153,975 |
| TOTAL REVENUES | 558,759 | 1,209,121 | 1,209,121 |
| EXPENDITURES | | | |
| Instruction | 279,925 | 902,926 | 902,926 |
| Food services | 92,360 | 82,597 | 82,597 |
| Operation of plant | 153,975 | 202,443 | 202,443 |
| Community services and extracurricular activities | 4,565 | 4,588 | 4,588 |
| TOTAL EXPENDITURES | 530,825 | 1,192,554 | 1,192,554 |
| Excess of revenues over expenditures | <u>\$ 27,934</u> | <u>\$ 16,567</u> | <u>\$ 16,567</u> |

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2022, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of True North Classical Academy at Dadeland (the "School"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 15, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Verdy-DeAmico-Tripello-Always". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 15, 2022



MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of True North Classical Academy at Dadeland (the “School”), a non-major component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated September 15, 2022.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 15, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the School code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code of the entity is True North Classical Academy South, 131002. The School does business as True North Classical Academy at Dadeland.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2022 is not deteriorating.

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 15, 2022