

TRUE NORTH CLASSICAL ACADEMY
(MSID 1000)
MIAMI, FLORIDA
(A CHARTER SCHOOL UNDER TRUE NORTH
CLASSICAL ACADEMY, INC.)

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

JUNE 30, 2025

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JUNE 30, 2025

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

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

2024-2025

BOARD OF DIRECTORS

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

SCHOOL ADMINISTRATION

Ms. Jeanine Finlay, Head of School



INDEPENDENT AUDITOR'S REPORT

Board of Directors
True North Classical Academy
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 (the "School"), a charter school under True North Classical Academy, Inc., as of and for the year ended June 30, 2025, 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 the School, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School as of June 30, 2025, and the respective changes in financial position for 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, 2025 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 4, 2025 on our consideration of the School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School’s internal control over financial reporting and compliance.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 4, 2025

Management’s Discussion and Analysis
True North Classical Academy
(A Charter School under True North Classical Academy, Inc.)
June 30, 2025

The corporate officers of True North Classical Academy (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2025, the ninth full year of operations.

FINANCIAL HIGHLIGHTS

1. The School’s net position was \$1,977,472 as of June 30, 2025.
2. At year-end, the School had current assets of \$3,840,143.
3. The School had a positive fund balance of \$2,783,165 at June 30, 2025.

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, 2025 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.

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

Management’s Discussion and Analysis
 True North Classical Academy
 (A Charter School under True North Classical Academy, Inc.)
 June 30, 2025

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 – 26 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, 2025 and 2024 follows:

Assets	<u>2025</u>	<u>2024</u>
Cash	\$ 3,552,516	\$ 1,734,690
Due from other agencies	217,005	707,428
Due from related parties	-	10,771
Prepaid expenses and other assets	70,622	90,499
Capital and right-of-use assets, net	<u>29,735,676</u>	<u>30,783,717</u>
Total Assets	<u>\$ 33,575,819</u>	<u>\$ 33,327,105</u>
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 1,030,268	\$ 890,519
Due to related parties, net	26,710	-
Right-of-use liability	<u>30,541,369</u>	<u>30,906,802</u>
Total Liabilities	31,598,347	31,797,321
Net investment in capital and right-of-use assets	(805,693)	(123,085)
Restricted	(76,636)	254,807
Unrestricted	<u>2,859,801</u>	<u>1,398,062</u>
Total Net Position	<u>1,977,472</u>	<u>1,529,784</u>
Total Liabilities and Net Position	<u>\$ 33,575,819</u>	<u>\$ 33,327,105</u>

Management's Discussion and Analysis
True North Classical Academy
June 30, 2025

At June 30, 2025, the School's total assets were \$33,575,819 and total liabilities were \$31,598,347. At June 30, 2025, the School reported total net position of \$1,977,472. This was the School's ninth year of operations.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2025 and 2024 follows:

REVENUES	<u>2025</u>	<u>2024</u>
Program Revenues		
Federal grants	\$ 623,216	\$ 826,942
Capital outlay funding	1,603,595	1,074,664
Charges for services	1,972,320	1,624,146
General Revenues		
FEFP nonspecific revenue	12,583,434	11,395,771
Local tax referendum	3,303,469	1,971,128
Fundraising, contributions and other revenue	821,771	674,426
Total Revenues	<u>20,907,805</u>	<u>17,567,077</u>
 EXPENSES		
Instruction	9,369,296	8,042,251
Student and instructional support services	766,128	536,325
Board	-	29,168
General administration	43,182	39,651
School administration	2,179,942	2,119,577
Central services	14,515	29,945
Fiscal services	406,530	388,969
Food services	537,211	406,941
Pupil transportation services	40,946	30,050
Operation of plant	3,692,730	3,403,436
Administrative technical services	119,834	95,652
Community services and student and extracurricular activities	2,011,409	1,653,899
Interest expense	1,278,394	1,294,058
Total Expenses	<u>20,460,117</u>	<u>18,069,922</u>
 Change in Net Position	447,688	(502,845)
 Net Position at Beginning of Year	<u>1,529,784</u>	<u>2,032,629</u>
Net Position at End of Year	<u>\$ 1,977,472</u>	<u>\$ 1,529,784</u>

The School's total revenues for the year ended June 30, 2025 were \$20,907,805 while its total expenses were \$20,460,117 for a net increase of \$447,688.

Management's Discussion and Analysis
True North Classical Academy
June 30, 2025

ACCOMPLISHMENTS

True North's mission is for our scholars 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. Once again, all True North schools received an A grade by the Florida Department of Education and rank amongst the top schools in Florida. True North's unique mission is present in the school culture. Parents are deeply appreciative of the moral and joyful school culture. This was reflected in the year-end parent surveys. Across the school's parent survey 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 the main reason the school's reputation so quickly spread and resulted in over 3,500 students applying across our schools for the 2025-26 school year.

SCHOOL LOCATION

The School operates in the Miami area at 9393 Sunset Drive, Miami, FL 33173 and 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 reported a combined fund balance of \$2,783,165 in its ninth full year of operations, and the School had an increase in fund balance of \$1,130,296.

CAPITAL AND RIGHT TO USE ASSETS

The School's investment in capital and right-of-use assets, as of June 30, 2025, amounts to \$29,735,676 (net of accumulated depreciation and amortization). This investment includes right-to-use assets related to facilities, leasehold improvements, furniture, textbooks, fixtures and equipment, and audiovisual materials and computer software, net of related long-term liabilities.

Management's Discussion and Analysis
 True North Classical Academy
 June 30, 2025

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	\$ 11,859,232	\$ 12,148,439	\$ 12,583,434
Local tax referendum	2,086,560	3,089,549	3,303,469
State capital outlay funding	1,070,748	1,522,889	1,603,595
Federal grants	302,000	306,703	623,216
Charges and other miscellaneous local sources	2,537,825	2,459,159	2,794,091
TOTAL REVENUES	17,856,365	19,526,739	20,907,805
EXPENDITURES			
Instruction	9,020,532	9,216,130	9,159,718
Student and instructional support services	123,574	117,481	766,128
General administration	33,900	33,900	43,182
School administration	2,598,076	2,472,440	2,061,992
Central services	40,944	32,108	14,515
Fiscal services	390,648	404,064	406,530
Food services	324,404	350,156	537,211
Pupil transportation services	11,952	16,910	23,917
Operation of plant	2,957,181	2,906,875	2,736,061
Administrative technical services	133,500	133,744	119,834
Community services	300,000	300,000	285,686
Student and extracurricular activities	1,447,074	1,420,771	1,725,723
Other capital outlay	222,889	222,889	253,185
Debt service	1,300,000	1,300,000	1,643,827
TOTAL EXPENDITURES	18,904,674	18,927,468	19,777,509
Net change in fund balance	\$ (1,048,309)	\$ 599,271	\$ 1,130,296

Management's Discussion and Analysis
True North Classical Academy
June 30, 2025

GOVERNMENTAL FUND BUDGET ANALYSIS (Continued)

The School amended its initial budget in order to properly reflect federal award revenues and expenditures. The School's net change in fund balance per the final budget is consistent with actual results.

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. Leandro Gonzalez located at 6500 SW 97th Avenue, Miami, FL 33173.

TRUE NORTH CLASSICAL ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,552,516
Due from other agencies	217,005
Prepaid expenses and other assets	<u>70,622</u>
TOTAL CURRENT ASSETS	3,840,143
 CAPITAL AND RIGHT-OF-USE ASSETS, NET	 <u>29,735,676</u>
 TOTAL ASSETS	 <u><u>\$ 33,575,819</u></u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 144,965
Accrued wages payable	885,303
Due to related parties	26,710
Right-of-use liability, current portion	<u>464,731</u>
TOTAL CURRENT LIABILITIES	1,521,709
 Right-of-use liability, long-term portion	 <u>30,076,638</u>
TOTAL LIABILITIES	31,598,347
NET POSITION	
Net investment in capital and right-of-use assets	(805,693)
Restricted	(76,636)
Unrestricted	<u>2,859,801</u>
TOTAL NET POSITION	<u>1,977,472</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 33,575,819</u></u>

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

**TRUE NORTH CLASSICAL ACADEMY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

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	\$ 9,369,296	\$ 349,684	\$ 415,306	\$ -	\$ (8,604,306)
Student and instructional support services	766,128	-	-	-	(766,128)
General administration	43,182	-	-	-	(43,182)
School administration	2,179,942	-	-	-	(2,179,942)
Central services	14,515	-	-	-	(14,515)
Fiscal services	406,530	-	-	-	(406,530)
Food services	537,211	281,597	207,910	-	(47,704)
Pupil transportation services	40,946	-	-	-	(40,946)
Operation of plant	3,692,730	-	-	1,603,595	(2,089,135)
Administrative technical services	119,834	-	-	-	(119,834)
Community services	285,686	478,967	-	-	193,281
Student and extracurricular activities	1,725,723	862,072	-	-	(863,651)
Interest expense	1,278,394	-	-	-	(1,278,394)
Total Governmental Activities	\$ 20,460,117	\$ 1,972,320	\$ 623,216	\$ 1,603,595	\$ (16,260,986)
GENERAL REVENUES:					
					\$ 12,583,434
					3,303,469
					821,771
					<u>16,708,674</u>
					447,688
					<u>1,529,784</u>
					<u>\$ 1,977,472</u>

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

**TRUE NORTH CLASSICAL ACADEMY
BALANCE SHEET – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,552,516	\$ -	\$ -	\$ 3,552,516
Due from other agencies	8,830	89,997	118,178	217,005
Deposit receivable and other assets	70,622	-	-	70,622
Due from other fund	284,811	-	-	284,811
TOTAL ASSETS	\$ 3,916,779	\$ 89,997	\$ 118,178	\$ 4,124,954
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 144,965	\$ -	\$ -	\$ 144,965
Accrued wages payable	885,303	-	-	885,303
Due to related parties	26,710	-	-	26,710
Due to other fund	-	166,633	118,178	284,811
TOTAL LIABILITIES	\$ 1,056,978	\$ 166,633	\$ 118,178	\$ 1,341,789
FUND BALANCE				
Nonspendable				
Prepaid and other assets	\$ 70,622	\$ -	\$ -	\$ 70,622
Restricted for lunch program	-	(76,636)	-	(76,636)
Unassigned	2,789,179	-	-	2,789,179
TOTAL FUND BALANCE	\$ 2,859,801	\$ (76,636)	\$ -	\$ 2,783,165
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,916,779	\$ 89,997	\$ 118,178	\$ 4,124,954

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

**TRUE NORTH CLASSICAL ACADEMY
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2025**

Total Fund Balance - Governmental Funds \$ 2,783,165

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	3,059,452
Accumulated depreciation	(1,868,133)

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

Right-to-use asset	28,544,357
Right-to-use liability	(30,541,369)

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

Total Net Position - Governmental Activities \$ 1,977,472

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

**TRUE NORTH CLASSICAL ACADEMY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	General Funds	Special Revenue Fund	Capital Projects Fund	Governmental Funds
REVENUES				
State passed through local	\$ 12,583,434	\$ -	\$ -	\$ 12,583,434
Local tax referendum	3,303,469	-	-	3,303,469
State capital outlay funding	-	-	1,603,595	1,603,595
Federal grants	-	623,216	-	623,216
Charges and other miscellaneous local sources	1,650,422	1,143,669	-	2,794,091
TOTAL REVENUES	17,537,325	1,766,885	1,603,595	20,907,805
EXPENDITURES				
Current:				
Instruction	8,744,412	415,306	-	9,159,718
Student and instructional support services	766,128	-	-	766,128
General administration	43,182	-	-	43,182
School administration	2,061,992	-	-	2,061,992
Central services	14,515	-	-	14,515
Fiscal services	406,530	-	-	406,530
Food services	-	537,211	-	537,211
Pupil transportation services	23,917	-	-	23,917
Operation of plant	2,736,061	-	-	2,736,061
Administrative technical services	119,834	-	-	119,834
Community services	285,686	-	-	285,686
Student and extracurricular activities	579,912	1,145,811	-	1,725,723
Capital Outlay:				
Other capital outlay	253,185	-	-	253,185
Debt Service:				
Redemption of principal	-	-	365,433	365,433
Interest	40,232	-	1,238,162	1,278,394
TOTAL EXPENDITURES	16,075,586	2,098,328	1,603,595	19,777,509
NET CHANGE IN FUND BALANCE	1,461,739	(331,443)	-	1,130,296
Fund balance at beginning of year	1,398,062	254,807	-	1,652,869
Fund balance at end of year	<u>\$ 2,859,801</u>	<u>\$ (76,636)</u>	<u>\$ -</u>	<u>\$ 2,783,165</u>

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

**TRUE NORTH CLASSICAL ACADEMY
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, 2025**

Change in Fund Balance - Governmental Funds \$ 1,130,296

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	253,185
Depreciation expense	(409,478)

The proceeds from loans, right-of-use and captial 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	365,433
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In the statement of activities, amortization of the right-to-use asset is reported as an expense over the estimated life of the lease, however, in the governmental funds report it is not included as an expense. Right-to-use asset/liability adjustments due to modifications are a reconciling item as the governmental fund balance sheet does not include these assets or liabilities.

Amortization, net of adjustments	(891,748)
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Change in Net Position of Governmental Activities	\$ 447,688
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The accompanying notes are an integral part of this financial statement.

**TRUE NORTH CLASSICAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

True North Classical Academy is a charter school sponsored by the School Board of Miami-Dade County, Florida (the “District”). True North Classical Academy’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 True North Classical Academy is the Board of Directors of the Organization, which is comprised of four members and also governs other charter schools.

Effective July 1, 2023, the District approved the merger of True North Classical Academy’s operations with that of two separate charter schools, as follows: True North Classical Academy High School and True North Classical Academy Dadeland. The charter agreements of these schools were not renewed subsequent to June 30, 2023, which was the final year of operations of the schools under the MSID # 7039 and 1002, respectively. During the year ended June 30, 2024, True North Classical Academy absorbed the operations, net position and fund balance of the two schools. As such, these financial statements include the operations of True North Classical Academy, True North Classical Academy High School and True North Classical Academy Dadeland (collectively referred to as the “School”).

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, 2025, 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, 2035. 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, 2025, when 1,447 students were enrolled in grades K through 12th grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

**TRUE NORTH CLASSICAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

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.

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 athletics, class and club activities and organizations are reported in this fund.

Capital Projects Fund – used to account for financial resources used for the acquisition, leasing, 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 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 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.

**TRUE NORTH CLASSICAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Cash and Cash Equivalents

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

Due from Other Agencies

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

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

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

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time office and administrative employees are eligible for up to ten days of active work during the ten-month period (a “benefit year”). Teachers are eligible for up to seven days of active work during the benefit year. In the event that available time is not used by the end of the benefit year, employees may not “rollover” all unused days for use in future benefit years.

Pursuant to recently issued GASB Statement No. 101, *Compensated Absences*, only leave that accumulates should be recognized as a liability for leave that has not been used because if it does not accumulate, a government would not have an obligation for it at the date of the financial statements. For organizations with use-it-or-lose it policies, for which any unused leave is forfeited at the end of the fiscal year, there is no obligation to provide time off or payment or settlement in a future period. Accordingly, no liability for compensated absences is reported in these financial statements. See Adopted Accounting Pronouncements.

**TRUE NORTH CLASSICAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Fund Net Position

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

- Net investment in capital and right-of-use assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. This also includes the right-to-use asset net of the right-to-use liability. The net investment in capital and right-to-use assets for the year ending June 30, 2025, was (\$805,693).
- Restricted – 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 deficit for the year ending June 30, 2025 was \$76,636.
- 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, 2025, the School’s nonspendable fund balance was \$70,622.
- 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, 2025, the restricted fund deficit was \$76,636.
- 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, 2025, 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, 2025, the assigned fund balance was \$0, which was related to the School’s internal accounts for student and school 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, 2025, there are no minimum fund balance requirements for any of the School’s funds.

**TRUE NORTH CLASSICAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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 also may 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.

Adopted Accounting Pronouncements

In June 2022, GASB issued Statement No. 101 (“GASB 101”), *Compensated Absences*, which establishes a unified model for the recognition and measurement of all types of compensated absences, such as vacation leave, sick leave, and paid time off. This Statement replaces the prior guidance in GASB Statement No. 16 and requires that a liability be recognized as leave is earned, regardless of whether it vests or is contingent on future events, to the extent it is more likely than not to be used for time off in a future reporting period or otherwise paid to the employee.

The School grants a specific number of days for sick/personal leave each benefit year. Unused days do not carry forward to subsequent benefit years and are not paid out under any circumstance (“use-it-or-lose-it” policy). Because no leave earned in the current year results in a future obligation once the benefit year ends, the School determined that no liability for compensated absences is required under GASB 101.

Recent Accounting Pronouncements

In June 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* (“GASB 102”), which includes new disclosure requirements related to concentrations and constraints, including certain risks related to capital assets. GASB 102 requires disclosure when events or conditions make it at least reasonably possible that a significant concentration or constraint could impact the government’s ability to continue providing services at current levels or meet obligations as they come due.

GASB 102 is effective for fiscal years beginning after June 15, 2024. Accordingly, it will be effective for the School’s fiscal year ending June 30, 2026. The School is currently assessing the impact of this Statement on future financial statement disclosures. Early application is permitted.

**TRUE NORTH CLASSICAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

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

Use of Estimates

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

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 4, 2025, which is the date the financial statements were available to be issued.

NOTE 3 – CAPITAL AND RIGHT-OF-USE ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital Assets				
Leasehold improvements	\$ 1,372,147	\$ 31,275	\$ -	\$ 1,403,422
Furniture and equipment	673,099	59,042	-	732,141
Textbooks	722,521	104,562	-	827,083
Motor vehicles	43,500	58,306	(5,000)	96,806
Total Capital Assets	<u>2,811,267</u>	<u>253,185</u>	<u>(5,000)</u>	<u>3,059,452</u>
Less: Accumulated Depreciation				
Leasehold improvements	(660,587)	(64,921)	-	(725,508)
Furniture and equipment	(407,790)	(117,950)	-	(525,740)
Textbooks	(378,669)	(209,578)	-	(588,247)
Motor vehicles	(16,609)	(17,029)	5,000	(28,638)
Total Accumulated Depreciation	<u>(1,463,655)</u>	<u>(409,478)</u>	<u>5,000</u>	<u>(1,868,133)</u>
Capital Assets, net	<u>\$ 1,347,612</u>	<u>\$ (156,293)</u>	<u>\$ -</u>	<u>\$ 1,191,319</u>

Depreciation expense for the year ended June 30, 2025 was \$409,478, of which \$117,950 was allocated to school administration, \$64,921, was allocated to operation of plant, \$209,578 was allocated to instruction and \$17,029 was allocated to transportation.

**TRUE NORTH CLASSICAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Right-of-use assets				
Right-of-use asset- Facilities	\$ 31,753,786	\$ -	\$ -	\$31,753,786
Total capital assets	<u>31,753,786</u>	<u>-</u>	<u>-</u>	<u>31,753,786</u>
Less accumulated amortization				
Right-of-use asset- Facilities	(2,317,681)	(891,748)	-	(3,209,429)
Total accumulated depreciation	<u>(2,317,681)</u>	<u>(891,748)</u>	<u>-</u>	<u>(3,209,429)</u>
Right-of-use assets, net	<u>\$ 29,436,105</u>	<u>\$ (891,748)</u>	<u>\$ -</u>	<u>\$ 28,544,357</u>

Amortization expense for the year ended June 30, 2025 was \$891,748, 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 Local Capital Improvement Revenue (“LCIR”) program, which total \$217,005. These receivables are considered to be fully collectible and as such, no allowance for uncollectible accounts is recorded.

NOTE 5 – TRANSACTIONS WITH RELATED PARTIES

The Organization operates two other charter schools, True North Classical Academy at Pinecrest and True North Classical Academy at Gateway.

The Organization charges its affiliate schools an assessment fee per student for fiscal and administrative services. During the year ended June 30, 2025, the School was charged approximately \$715,000 in connection with these services. In addition, the Organization charges rent to the School for a portion of the facilities (see Note 6).

Amounts due from (to) related parties at June 30, 2025 are as follows:

True North Preparatory	\$ (3,083)
Total due to related parties	<u>\$ (3,083)</u>

**TRUE NORTH CLASSICAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Facility Leases

In 2018, the Organization entered into an agreement with Sunset Chapel, Inc. to lease educational facilities through June 30, 2059. The agreement requires monthly lease payments equal to \$800 per student up to 362 students, plus a fee per student in excess of 362. The fee per student in excess of 362 is \$250 per student in years 1 through 10; \$260 in years 11 to 25; and \$400 in years 26 to 40. The lease has a minimum annual rent guarantee of \$289,600 throughout the entire term of the lease. During the year ended June 30, 2025, the amount paid by the School for the use of the facilities was approximately \$372,000.

In accordance with the above lease agreement, the Organization funded the construction of additional facilities and improvements to the existing facilities on the leased property, which allowed the School to expand and utilize additional space. Commencing July 2023, the School shall pay monthly rent of \$105,834 to the Organization for use of the additional facilities, which is 53% of the Organization's debt service obligations under financing arrangements undertaken to fund the expansion. The percentage is based upon the School's usage of the additional facilities. Monthly rent shall be paid the end of the lease term with Sunset Chapel, Inc., June 30, 2059.

The School also 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 lease agreement also requires the School to fund the construction of additional facilities on the leased property, which was completed prior to the start of the 2022-2023 year. The School's required monthly rent payment increased upon completion of the construction and was \$24,740 through October 2023 and \$31,695 from October 2023 through July 2024. The School's required monthly rent payment for the fiscal year was \$31,695. On August 1st of each year, the minimum rent shall increase by 2% per annum each year. For the year ended June 30, 2025, the amount paid by the School for the use of the facilities and services was \$413,976.

In accordance with the lease agreement, the Organization funded the construction of additional facilities on the leased property on behalf of the School, which has allowed the School to expand and utilize additional space. The School is entitled to use the additional facilities under agreement with the Organization that requires annual payments in amounts equal to a percentage of the annual debt service payments on financing obligations undertaken by the Organization to fund the construction. During the year ended June 30, 2025, the School paid monthly rent of \$62,065 to the Organization for use of the additional facilities, which is 36% of the Organization's related debt service obligations and 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.

The School has implemented GASB No. 87, *Leases*, and as a result, has recorded a right-to-use asset and liability in these financial statements related to its facility agreements. The School used an interest rate of 4.5% based on the average incremental borrowing rate of the Organization to discount the annual lease payments and recognize the intangible right to use the leased assets and the related lease liability. During the year ended June 30, 2025, the interest expense related to the right to use liabilities was \$1,278,394 and the amortization expense of the right to use assets was \$891,748.

**TRUE NORTH CLASSICAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)

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

	Balance July 1, 2024	Additions	Decreases	Balance June 30, 2025
Right-of-use liability- Facilities	\$ 30,906,802	\$ -	\$ (365,433)	\$ 30,541,369
	<u>\$ 30,906,802</u>	<u>\$ -</u>	<u>\$ (365,433)</u>	<u>\$ 30,541,369</u>

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

Fiscal Year Ended	Principal	Interest	Total
2026	\$ 464,731	\$ 1,388,893	\$ 1,853,624
2027	446,104	1,379,810	1,825,914
2028	484,239	1,349,079	1,833,318
2029-2033	2,926,263	6,366,157	9,292,420
2034-2038	3,909,028	5,594,425	9,503,453
2039-2043	5,156,066	4,577,759	9,733,825
2044-2048	6,904,163	3,216,189	10,120,352
2049-2053	5,308,142	1,644,164	6,952,306
2054-2058	3,978,669	708,769	4,687,438
2059	963,964	23,469	987,433
	<u>\$ 30,541,369</u>	<u>\$ 26,248,714</u>	<u>\$ 56,790,083</u>

NOTE 7 – DEPOSITS AND CREDIT RISK

Cash and cash equivalents are maintained in two financial institutions. It is the School’s policy to maintain its cash and cash equivalents in major banks and in high-grade investments. As of June 30, 2025, the bank balance of the School’s cash deposit accounts was \$2,854,980. The School is a charter school under the Organization, which also operates four other charter schools. All bank accounts are opened under the account ownership of the Organization, therefore, bank balances at times may potentially be in excess of Federal Depository Insurance Corporation (FDIC) coverage for the Organization as a whole. As of June 30, 2025, bank balances of the School in potential excess of FDIC coverage was approximately \$2,600,000.

NOTE 8 – INTER-FUND BALANCES

Inter-fund receivables/payables (“due from/to other fund”) are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund. Interfund balances in governmental funds as of June 30, 2025 consist of amounts due to the general fund from the special revenue and capital projects fund of \$166,633 and \$118,178, respectively. The total due to the general fund of \$284,811 is reflected as a due from other fund in the general fund in the accompanying balance sheet-governmental funds.

**TRUE NORTH CLASSICAL ACADEMY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 9 – GRANTS

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

NOTE 10 – RISK MANAGEMENT

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

REQUIRED SUPPLEMENTAL INFORMATION

**TRUE NORTH CLASSICAL ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 11,859,232	\$ 12,148,439	\$ 12,583,434
Local tax referendum	2,086,560	3,089,549	3,303,469
Charges and other miscellaneous local sources	1,400,722	1,318,058	1,650,422
TOTAL REVENUES	15,346,514	16,556,046	17,537,325
EXPENDITURES			
Instruction	8,375,210	8,557,845	8,744,412
Student and instructional support services	123,574	117,481	766,128
General administration	33,900	33,900	43,182
School administration	2,598,076	2,472,440	2,061,992
Central services	40,944	32,108	14,515
Fiscal services	390,648	404,064	406,530
Pupil transportation services	11,952	16,910	23,917
Operation of plant	2,950,681	2,900,375	2,736,061
Administrative technical services	133,500	133,744	119,834
Community services	300,000	300,000	285,686
Student and extracurricular activities	400,000	400,000	579,912
Other capital outlay	222,889	222,889	253,185
Debt service	-	-	40,232
TOTAL EXPENDITURES	15,581,374	15,591,756	16,075,586
NET CHANGE IN FUND BALANCE	\$ (234,860)	\$ 964,290	\$ 1,461,739

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal grants	\$ 302,000	\$ 306,703	\$ 623,216
Charges and other miscellaneous local sources	1,137,103	1,141,101	1,143,669
TOTAL REVENUES	<u>1,439,103</u>	<u>1,447,804</u>	<u>1,766,885</u>
EXPENDITURES			
Instruction	645,322	658,285	415,306
Food services	324,404	350,156	537,211
Operation of plant	6,500	6,500	-
Student and extracurricular activities	1,047,074	1,020,771	1,145,811
TOTAL EXPENDITURES	<u>2,023,300</u>	<u>2,035,712</u>	<u>2,098,328</u>
NET CHANGE IN FUND BALANCE	<u>\$ (584,197)</u>	<u>\$ (587,908)</u>	<u>\$ (331,443)</u>

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025, 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
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 (the "School"), as of and for the year ended June 30, 2025, 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 4, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 4, 2025



MANAGEMENT LETTER

Board of Directors of
True North Classical Academy
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of True North Classical Academy (the "School"), Miami, Florida, as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 4, 2025.

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 4, 2025, 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. The preceding annual financial audit report included Finding 2024-001 related to the School's total change in fund balance deficit of \$832,316 and total change in net position deficit of \$502,845 for the year ended June 30, 2024. In the current year, the School reported a positive change in fund balance and a positive change in net position for the fiscal year ended June 30, 2025. Accordingly, corrective action has been taken, and this prior year finding has been fully resolved.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires that 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 are True North Classical Academy Charter School and 131000.

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, 2025 is not deteriorating.

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 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, applicable management, and the School Board of Miami-Dade County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Verdeja - Alvarez, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 4, 2025