

TRUE NORTH CLASSICAL ACADEMY SOUTH
MIAMI, FLORIDA
(A COMPONENT UNIT OF THE SCHOOL BOARD OF
MIAMI-DADE COUNTY, FLORIDA)

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

JUNE 30, 2020

TRUE NORTH CLASSICAL ACADEMY SOUTH
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2020

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

7900 SW 87th Street
Miami, FL 33143
(305)487-8884

2019-2020

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 South
Miami, Florida

Report on the Financial Statements

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 South (the “School”), a charter school under True North Classical Academy, Inc., and a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of True North Classical Academy South as of June 30, 2020, and the respective changes in financial position for the year ended, and it 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, 2020 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and budgetary comparison information on pages 23 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2020, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2020

Management’s Discussion and Analysis
True North Classical Academy South
June 30, 2020

The corporate officers of True North Classical Academy South (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2020, the second full year of operations.

FINANCIAL HIGHLIGHTS

1. During its second year of operations, the School had an increase in its net position of \$202,087 for the year ended June 30, 2020.
2. At year-end, the School had current assets of \$773,636.
3. The School’s fund balance increased by \$141,389 and had a combined fund balance of \$119,793 at June 30, 2020.

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, 2020 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 9 – 10 of this report.

Fund Financial Statements

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

All of the funds of the School are governmental funds. *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 South
 June 30, 2020

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 11 - 14 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 15 - 22 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2020 and 2019 follows:

Assets	2020	2019
Cash	\$ 355,491	\$ 396,860
Due from other agencies	409,717	-
Prepaid expenses	8,428	-
Capital assets, net	224,241	207,796
Total Assets	\$ 997,877	\$ 604,656
Liabilities and Net Position		
Accounts and wages payable and accrued liabilities	\$ 288,429	\$ 33,129
Loan payable	127,370	171,623
Advanced grants	345,000	325,000
Due to True North Classical Academy, Inc.	20,414	117,912
Total Liabilities	781,213	647,664
Net investment in capital assets	96,871	36,173
Deficit in unrestricted	119,793	(79,181)
Total Net Position (Deficit)	216,664	(43,008)
Total Liabilities and Net Position	\$ 997,877	\$ 604,656

At June 30, 2020, the School's total assets were \$997,877 and total liabilities were \$781,213. At June 30, 2020, the School reported total net position of \$216,664. This was the School's second year of operations.

Management's Discussion and Analysis
True North Classical Academy South
June 30, 2020

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2020 and 2019 follows:

REVENUES	2020	2019
Program Revenues		
Federal grants	\$ 413,887	\$ 101,118
Charges for services and other grants	15,407	16,384
General Revenues		
FEFP nonspecific revenue	1,202,482	533,351
Fundraising and other revenue	6,657	42,228
Total Revenues	1,711,569	693,081
 EXPENSES		
Instruction	838,842	354,503
Instructional staff training services	-	29,908
Board	17,910	3,102
General administration	60,313	39,813
School administration	292,503	83,794
Fiscal services	19,957	7,435
Food services	20,299	16,891
Pupil transportation services	809	870
Operation of plant	247,815	184,506
Administrative technical services	1,940	4,315
Interest expense	9,094	4,557
Total Expenses	1,509,482	729,694
Change in Net Position	202,087	(36,613)
Net Position (deficit) at Beginning of Year	(43,008)	(6,395)
Restatement	57,585	-
Net Position (deficit) at End of Year	\$ 216,664	\$ (43,008)

The School's total revenues for the year ended June 30, 2020 were \$1,711,569 while its total expenses were \$1,509,482 for a net increase of \$202,087. This was the School's second full year of operations. The School's enrollment increased from 78 to 145 students

Management’s Discussion and Analysis
True North Classical Academy South
June 30, 2020

ACCOMPLISHMENTS

True North Classical Academy South completed a tremendously successful second year of operations. True North was able to solidify and fulfill its core mission of being a classical liberal arts school dedicated to creating a place that holds excellence in moral and intellectual virtue as the true aim of education. This mission was most palpable in the school culture, which instilled within its students a joy of learning for learning’s sake and a love of education. Parents were exceptionally appreciative of the moral and joyful environment and this was reflected in the almost 97% student retention rate for the next school year. Year-end parental surveys showed 99% 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.”

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 a increase in fund balance of \$141,389 and reported a combined fund balance of \$119,793 in its second full year of operations.

CAPITAL ASSETS

The School’s investment in capital assets, as of June 30, 2020, amounts to \$224,241 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements and furniture, fixtures and equipment.

LOAN 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 \$44,254 and the outstanding balance at June 30, 2020 was \$127,370.

Management's Discussion and Analysis
 True North Classical Academy South
 June 30, 2020

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	\$ 1,073,031	\$ 1,073,031	\$ 1,202,482
State capital outly funding	71,000	71,000	73,136
Federal grants	91,023	91,023	413,887
Charges for services and other grants	20,000	20,000	15,407
Fundraising and other income	2,200	2,200	6,657
TOTAL REVENUES	<u>1,257,254</u>	<u>1,257,254</u>	<u>1,711,569</u>
EXPENDITURES			
Instruction	545,625	545,625	838,842
Board	2,400	2,400	17,910
General administration	53,548	53,548	60,313
School administration	271,426	271,426	282,232
Fiscal services	22,256	22,256	19,957
Food services	28,000	28,000	20,299
Pupil transportation services	1,912	1,912	809
Operation of plant	231,550	231,550	240,549
Administrative technical services	-	-	1,940
Capital Outlay:			
Other capital outlay	30,100	30,100	33,981
Debt Service:			
Redemption of principal	44,254	44,254	44,254
Interest	9,094	9,094	9,094
TOTAL EXPENDITURES	<u>1,240,165</u>	<u>1,240,165</u>	<u>1,570,180</u>
Change in fund balance	<u>\$ 17,089</u>	<u>\$ 17,089</u>	<u>\$ 141,389</u>
Other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 17,089</u>	<u>\$ 17,089</u>	<u>\$ 141,389</u>

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 SOUTH
STATEMENT OF NET POSITION
JUNE 30, 2020

Governmental
Activities

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 355,491
Due from other agencies	409,717
Prepaid expenses	<u>8,428</u>
TOTAL CURRENT ASSETS	<u>773,636</u>

CAPITAL ASSETS

Improvements other than buildings	189,295
Less accumulated depreciation	(10,158)
Furniture and equipment	60,284
Less accumulated depreciation	<u>(15,180)</u>
Total capital assets, net	224,241

TOTAL ASSETS	<u><u>\$ 997,877</u></u>
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LIABILITIES AND NET POSITION

LIABILITIES

Accounts payable and accrued liabilities	\$ 248,599
Accrued wages payable	39,830
Advanced grants	345,000
Due to related parties	20,414
Loan payable - current portion	<u>44,254</u>
TOTAL CURRENT LIABILITIES	698,097

Loan payable - long-term portion	<u>83,116</u>
TOTAL LIABILITIES	781,213

NET POSITION

Invested in capital assets, net of related debt	96,871
Unrestricted	<u>119,793</u>
TOTAL NET POSITION	<u>216,664</u>

TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 997,877</u></u>
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The accompanying notes are an integral part of this financial statement.

**TRUE NORTH CLASSICAL ACADEMY SOUTH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

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	\$ 838,842	\$ -	\$ 368,512	\$ -	\$ (470,330)
Board	17,910	-	-	-	(17,910)
General administration	60,313	-	-	-	(60,313)
School administration	292,503	-	40,483	-	(252,020)
Fiscal services	19,957	-	-	-	(19,957)
Food services	20,299	15,407	4,892	-	-
Pupil transportation services	809	-	-	-	(809)
Operation of plant	247,815	-	-	73,136	(174,679)
Administrative technical services	1,940	-	-	-	(1,940)
Interest expense	9,094	-	-	-	(9,094)
Total Governmental Activities	\$ 1,509,482	\$ 15,407	\$ 413,887	\$ 73,136	\$ (1,007,052)

GENERAL REVENUES:

Government grants not restricted to specific programs	1,202,482
Fundraising and other revenue	6,657
Total general revenues	<u>1,209,139</u>

Change in Net Position 202,087

Net Position (deficit) as previously reported - July 1, 2019	(43,008)
Restatement	57,585
NET POSITION - BEGINNING	<u>14,577</u>

NET POSITION - ENDING \$ 216,664

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>Governmental Funds</u>
ASSETS	
Cash and cash equivalents	\$ 355,491
Due from other agencies	409,717
Prepaid expenses	8,428
TOTAL ASSETS	<u><u>773,636</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 248,599
Accrued wages payable	39,830
Advanced grants	345,000
Due to related parties	20,414
TOTAL LIABILITIES	<u>653,843</u>
FUND BALANCE	
Nonspendable	8,428
Unassigned	111,365
TOTAL FUND BALANCE	<u>119,793</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 773,636</u></u>

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2020**

Total Fund Balance - Governmental Funds \$ 119,793

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	249,579
Accumulated depreciation	(25,339)

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

Loan payable	(127,369)
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Total Net Position - Governmental Activities	\$ 216,664
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The accompanying notes are an integral part of this financial statement.

TRUE NORTH CLASSICAL ACADEMY SOUTH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Funds	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
State passed through local	\$ 1,202,482	\$ -	\$ -	\$ 1,202,482
State capital outly funding	-	-	73,136	73,136
Federal grants	-	413,887	-	413,887
Charges for services and other grants	15,407	-	-	15,407
Fundraising and other income	6,657	-	-	6,657
TOTAL REVENUES	1,224,546	413,887	73,136	1,711,569
EXPENDITURES				
Current:				
Instruction	470,330	368,512	-	838,842
Board	17,910	-	-	17,910
General administration	60,313	-	-	60,313
School administration	241,749	40,483	-	282,232
Fiscal services	19,957	-	-	19,957
Food services	15,407	4,892	-	20,299
Pupil transportation services	809	-	-	809
Operation of plant	167,413	-	73,136	240,549
Administrative technical services	1,940	-	-	1,940
Capital Outlay:				
Other capital outlay	33,981	-	-	33,981
Debt Service:				
Redemption of principal	44,254	-	-	44,254
Interest	9,094	-	-	9,094
TOTAL EXPENDITURES	1,083,157	413,887	73,136	1,570,180
Excess of revenues over expenditures	141,389	-	-	141,389
NET CHANGE IN FUND BALANCE	141,389	-	-	141,389
Fund deficit at beginning of year, as previously reported	(79,181)	-	-	(79,181)
Restatement	57,585	-	-	57,585
Fund balance at end of year	\$ 119,793	\$ -	\$ -	\$ 119,793

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH
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, 2020**

Change in Fund Balance - Governmental Funds \$ 141,389

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	33,981
Depreciation expense	(17,537)

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

Redemption of principal	44,254
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Change in Net Position of Governmental Activities	\$ 202,087
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The accompanying notes are an integral part of this financial statement.

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

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, 2020, 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, 2020, when approximately 145 students were enrolled in grades K – 3.

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 ENDED JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

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

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of True North Classical Academy South, (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.

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.

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation and Amortization

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
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. The net investment in capital assets for the year ending June 30, 2020, was \$224,241.
- 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, 2020 was \$0.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2020, the nonspendable fund balance was \$8,428.
- 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, 2020, there is no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2020, 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, 2020, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against 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, 2020, there are no minimum fund balance requirements for any of the School’s funds.

Revenue Sources

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

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 14, 2020, which is the date the financial statements were available to be issued. (See Note 11).

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2020:

	Balance			Balance
	July 1, 2019	Additions	Deletions	June 30, 2020
Capital Assets				
Improvements other than building	\$ 189,295	\$ -	\$ -	\$ 189,295
Furniture and equipment	26,303	33,981	-	60,284
Total Capital Assets	<u>215,598</u>	<u>33,981</u>	<u>-</u>	<u>249,579</u>
Less Accumulated Depreciation				
Improvements other than building	(2,892)	(7,266)	-	(10,158)
Furniture and equipment	(4,910)	(10,270)	-	(15,180)
Total Accumulated Depreciation	<u>(7,802)</u>	<u>(17,536)</u>	<u>-</u>	<u>(25,338)</u>
Capital Assets, net	<u>\$ 207,796</u>	<u>\$ 16,445</u>	<u>\$ -</u>	<u>\$ 224,241</u>

Depreciation expense for the year ended June 30, 2020, was \$17,536, of which \$7,266 was allocated to operation of plant and \$10,270 was allocated to school administration.

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 Florida Department of Education for Charter School Program Grant and capital outlay funding. 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, 2020

NOTE 5 – COMMITMENTS AND CONTINGENCIES

True North Classical Academy, Inc. entered into an agreement in April 2018 to lease facilities through July 2023. The School’s required monthly lease payments were \$11,811, which is the minimum monthly rent, during the year ended June 30, 2020. The minimum rent shall increase by 2% per annum each year and by an additional fee of \$50 per student above 120 students. For the year ended June 30, 2020, the amount paid by the School for the use of the facilities and services was \$141,732.

Estimated future minimum lease payments are as follows:

<u>Years Ended June 30,</u>	
2021	\$ 144,567
2022	147,458
2023	150,407
2024	12,785
Total	<u>\$ 455,217</u>

Service agreement

The School entered into an agreement with Charter School Financial Services Corp. to provide accounting services to the School, including, but not limited to, bookkeeping, maintenance of records, regulatory compliance and budgeting, and financial reporting. The agreement calls for monthly payments at a fee of \$100 per full time equivalent (FTE) student per year. During the year-ended June 30, 2020, the School incurred fees related to this agreement totaling \$11,890.

NOTE 6 –LOAN 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 \$44,254 and the outstanding balance at June 30, 2020 was \$127,369.

	<u>Balance at</u>		<u>Balance at</u>	
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Repayments</u>	<u>June 30, 2020</u>
Loan payable - Building Hope	\$ 171,623	\$ -	\$ (44,254)	\$ 127,369
	<u>\$ 171,623</u>	<u>\$ -</u>	<u>\$ (44,254)</u>	<u>\$ 127,369</u>

Estimated future payments are as follows:

<u>Years Ended June 30,</u>	
2021	\$ 46,983
2022	49,881
2023	30,505
	<u>\$ 127,369</u>

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 7 – TRANSACTIONS WITH RELATED PARTIES

The Organization operates two other charter schools, True North Classical Academy and True North Classical Academy High School. Through the Board, management allocates a proportionate share of certain expenses based on student enrollment, included but not limited to school administration and instruction. The Organization and its other charter schools may also advance and repay amounts to the School and vice versa.

Amounts due from(to) related parties at June 30, 2020 are as follows:

True North Classical Academy, Inc.	\$ 13,426
True North Classical Academy	(15,242)
True North Classical Academy High School	<u>(18,598)</u>
Total due to related parties, net	<u>\$ (20,414)</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, 2020, the bank balance of the School's operating cash deposit accounts was \$355,491. 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, 2020, the School's bank balance in potential excess of FDIC coverage was \$355,491.

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.

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.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

The School received grant funding of \$57,578 in the current year. It was determined that the funds received during the year were for the 2018-2019 fiscal year. Accordingly, the School's 2019 net position and fund balance are being increased to reflect these funds in the proper period.

School's net position (deficit) as previously reported, June 30, 2019	\$ (43,008)
Adjustment for additional grant funding	<u>57,585</u>
School's net position at June 30, 2019, as restated	<u>\$ 14,577</u>
School's fund balance deficit as previously reported, June 30, 2019	\$ (79,181)
Adjustment for additional grant funding	<u>57,585</u>
School's fund balance at June 30, 2019, as restated	<u>\$ (21,596)</u>

**TRUE NORTH CLASSICAL ACADEMY SOUTH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 12 – SUBSEQUENT EVENTS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the School, its performance, and its financial results.

REQUIRED SUPPLEMENTAL INFORMATION

**TRUE NORTH CLASSICAL ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 1,073,031	\$ 1,073,031	\$ 1,202,482
Charges for services and other grants	20,000	20,000	15,407
Fundraising and other income	2,200	2,200	6,657
TOTAL REVENUES	1,095,231	1,095,231	1,224,546
EXPENDITURES			
Instruction	454,602	454,602	470,330
Board	2,400	2,400	17,910
General administration	53,548	53,548	60,313
School administration	271,426	271,426	241,749
Fiscal services	22,256	22,256	19,957
Food services	28,000	28,000	15,407
Pupil transportation services	1,912	1,912	809
Operation of plant	160,550	160,550	167,413
Administrative technical services	-	-	1,940
Other capital outlay	30,100	30,100	33,981
Debt service	53,348	53,348	53,348
TOTAL EXPENDITURES	1,078,142	1,078,142	1,083,157
Change in fund balance	17,089	17,089	141,389
Other financing sources	-	-	-
Net change in fund balance	\$ 17,089	\$ 17,089	\$ 141,389

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal grants	\$ 91,023	\$ 91,023	\$ 413,887
TOTAL REVENUES	91,023	91,023	413,887
EXPENDITURES			
Instruction	91,023	91,023	368,512
School administration	-	-	40,483
Food services	-	-	4,892
TOTAL EXPENDITURES	91,023	91,023	413,887
Net change in fund balance	\$ -	\$ -	\$ -

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET
AND ACTUAL – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Capital Projects Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 71,000	\$ 71,000	\$ 73,136
TOTAL REVENUES	<u>71,000</u>	<u>71,000</u>	<u>\$ 73,136</u>
EXPENDITURES			
Operation of plant	71,000	71,000	73,136
TOTAL EXPENDITURES	<u>71,000</u>	<u>71,000</u>	<u>73,136</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, 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, capital project, 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 South
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 South (the “School”), as of and for the year ended June 30, 2020 , 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 14, 2020.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 14, 2020



MANAGEMENT LETTER

Board of Directors of
True North Classical Academy South
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of True North Classical Academy South (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, 2020, and have issued our report thereon dated September 14, 2020.

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 14, 2020, 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. Corrective actions have been taken to address 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.

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, 2020 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 14, 2020