

**TRUE NORTH CLASSICAL ACADEMY HIGH
SCHOOL**
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 HIGH SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2020

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

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

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

Dr. Marc Snyder, Headmaster



INDEPENDENT AUDITOR'S REPORT

Board of Directors
True North Classical Academy High School
Miami, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, and the aggregate remaining fund information of True North Classical Academy High School (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 High School as of June 30, 2020, and the respective changes in financial position for the year then 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 High School
June 30, 2020

The corporate officers of True North Classical Academy High School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2020, the first full year of operations.

FINANCIAL HIGHLIGHTS

1. During its first year of operations, the School had a decrease in its net position of \$85,570 for the year ended June 30, 2020.
2. At year-end, the School had current assets of \$334,167.
3. The School's fund balance decreased by \$122,639 and had a fund balance deficit of \$135,260 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 High School
 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 follows:

Assets	2020
Cash	\$ 119,084
Due from other agencies	211,699
Prepaid expenses	3,384
Capital assets, net	37,069
Total Assets	\$ 371,236
 Liabilities and Net Position	
Accounts and wages payable and accrued liabilities	\$ 55,719
Advanced grants	170,294
Due to related parties	243,414
Total Liabilities	469,427
Net investment in capital assets	37,069
Deficit in unrestricted	(135,260)
Total Net Position (Deficit)	(98,191)
Total Liabilities and Net Position	\$ 371,236

At June 30, 2020, the School's total assets were \$371,236 and total liabilities were \$469,427. At June 30, 2020, the School reported total net position deficit of \$98,191. This was the School's first year of operations.

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

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

REVENUES	<u>2020</u>
Program Revenues	
Federal grants	\$ 305,272
Capital outlay funding	39,135
Charges for services and other grants	174,400
General Revenues	
FEFP nonspecific revenue	538,636
Fundraising and other revenue	<u>202,906</u>
Total Revenues	<u>1,260,349</u>
EXPENSES	
Instruction	592,483
Instructional staff training services	113,137
Instruction related technology	11,441
General administration	15,538
School administration	191,292
Central services	-
Fiscal services	43,054
Food services	5,920
Community services	227,178
Pupil transportation services	16,160
Operation of plant	<u>129,716</u>
Total Expenses	<u>1,345,919</u>
Change in Net Position	(85,570)
Net Position (deficit) at Beginning of Year	<u>(12,621)</u>
Net Position (deficit) at End of Year	<u>\$ (98,191)</u>

The School's total revenues for the year ended June 30, 2020 were \$1,260,349 while its total expenses were \$1,345,919 for a net decrease of \$85,570. This was the School's first full year of operations. The School made significant investments in curriculum and academic programs to ensure future success.

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

ACCOMPLISHMENTS

True North Classical Academy High School completed a successful first year of operations. The School 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. The School received numerous accolades during the year, including a significant grant from the Walton Family Foundation. In addition, the School is now accredited by Cognia and received amongst the highest evaluation in the country during the accreditation review.

SCHOOL LOCATION

The School operates in the Miami area located at 9393 Sunset Drive, Miami, FL 33173.

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 decrease in fund balance of \$122,639 and reported a combined fund deficit of \$135,260 in its first full year of operations.

CAPITAL ASSETS

The School's investment in capital assets, as of June 30, 2020, amounts to \$37,069 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements and furniture, fixtures and equipment.

Management's Discussion and Analysis
 True North Classical Academy High School
 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	\$ 644,960	\$ 644,960	\$ 538,636
State capital outlay funding	50,000	50,000	39,135
Federal grants	213,692	213,692	305,272
Charges for services	25,500	25,500	174,400
Fundraising and other income	70,000	70,000	202,906
TOTAL REVENUES	<u>1,004,152</u>	<u>1,004,152</u>	<u>1,260,349</u>
EXPENDITURES			
Instruction	545,290	545,290	592,483
Instructional staff training services	120,000	120,000	113,137
Instruction related technology	15,000	15,000	11,441
General administration	15,000	15,000	15,538
School administration	180,007	180,007	176,201
Central services	-	-	-
Fiscal services	54,490	54,490	43,054
Food services	20,000	20,000	5,920
Community services	112,500	112,500	227,178
Pupil transportation services	-	-	16,160
Operation of plant	124,636	124,636	129,716
Capital Outlay:			
Other capital outlay	20,000	20,000	52,160
TOTAL EXPENDITURES	<u>1,206,923</u>	<u>1,206,923</u>	<u>1,382,988</u>
Excess of expenditures over revenues	(202,771)	(202,771)	(122,639)
Other financing sources	-	-	-
Net change in fund balance	<u>\$ (202,771)</u>	<u>\$ (202,771)</u>	<u>\$ (122,639)</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 HIGH SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020

Governmental
Activities

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 119,084
Due from other agencies	211,699
Prepaid expenses	<u>3,384</u>
TOTAL CURRENT ASSETS	<u>334,167</u>

CAPITAL ASSETS

Furniture and equipment	52,160
Less accumulated depreciation	<u>(15,091)</u>
Total capital assets, net	<u>37,069</u>

TOTAL ASSETS	<u><u>\$ 371,236</u></u>
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LIABILITIES AND NET POSITION

LIABILITIES

Accounts and wages payable and accrued liabilities	\$ 55,719
Advanced grants	170,294
Due to related parties	<u>243,414</u>
TOTAL CURRENT LIABILITIES	<u>469,427</u>

NET POSITION (DEFICIT)

Invested in capital assets, net of related debt	37,069
Deficit in unrestricted	<u>(135,260)</u>
TOTAL NET POSITION (DEFICIT)	<u>(98,191)</u>

TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 371,236</u></u>
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The accompanying notes are an integral part of this financial statement.

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
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	592,483	\$ -	\$ 183,833	\$ -	\$ (408,650)
Instructional staff training services	113,137	-	76,327	-	(36,810)
Instruction related technology	11,441	-	11,441	-	-
General administration	15,538	-	-	-	(15,538)
School administration	191,292	-	31,483	-	(159,809)
Fiscal services	43,054	-	-	-	(43,054)
Food services	5,920	3,732	2,188	-	-
Community services	227,178	170,668	-	-	(56,510)
Pupil transportation services	16,160	-	-	-	(16,160)
Operation of plant	129,716	-	-	39,135	(90,581)
Total Governmental Activities	\$ 1,345,919	\$ 174,400	\$ 305,272	\$ 39,135	\$ (827,112)

GENERAL REVENUES:

Government grants not restricted to specific programs	538,636
Fundraising and other revenue	202,906
Total general revenues	<u>741,542</u>

Change in Net Position	(85,570)
NET POSITION (DEFICIT) - BEGINNING	<u>(12,621)</u>
NET POSITION (DEFICIT) - ENDING	<u>\$ (98,191)</u>

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

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

	<u>Governmental Fund</u>
ASSETS	
Cash and cash equivalents	\$ 119,084
Due from other agencies	211,699
Prepaid expenses	3,384
TOTAL ASSETS	<u>\$ 334,167</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts and wages payable and accrued liabilities	\$ 55,719
Advanced grants	170,294
Due to True North Classical Academy, Inc.	243,414
TOTAL LIABILITIES	<u>469,427</u>
FUND BALANCE (DEFICIT)	
Nonspendable	3,384
Deficit in unassigned	(138,644)
TOTAL FUND BALANCE (DEFICIT)	<u>(135,260)</u>
TOTAL LIABILITIES AND FUND DEFICIT	<u>\$ 334,167</u>

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

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

Total Fund Balance (deficit) - Governmental Funds \$ (135,260)

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	52,160
Accumulated depreciation	(15,091)

Total Net Position (deficit) - Governmental Activities \$ (98,191)

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

TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
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	\$ 538,636	\$ -	\$ -	\$ 538,636
State capital outlay funding			39,135	39,135
Federal grants	-	305,272	-	305,272
Charges for services	174,400	-	-	174,400
Fundraising and other income	202,906	-	-	202,906
TOTAL REVENUES	915,942	305,272	39,135	1,260,349
EXPENDITURES				
Current:				
Instruction	408,650	183,833	-	592,483
Instructional staff training services	36,810	76,327	-	113,137
Instruction related technology	-	11,441	-	11,441
General administration	15,538	-	-	15,538
School administration	144,718	31,483	-	176,201
Fiscal services	43,054	-	-	43,054
Food services	3,732	2,188	-	5,920
Community services	227,178	-	-	227,178
Pupil transportation services	16,160	-	-	16,160
Operation of plant	90,581	-	39,135	129,716
Capital Outlay:				
Other capital outlay	52,160	-	-	52,160
TOTAL EXPENDITURES	1,038,581	305,272	39,135	1,382,988
Excess of expenditures over revenues	(122,639)	-	-	(122,639)
Fund deficit at beginning of year	(12,621)	-	-	(12,621)
Fund deficit at end of year	<u>\$ (135,260)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (135,260)</u>

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

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL
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	\$ (122,639)
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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	52,160
Depreciation expense	(15,091)

Change in Net Position of Governmental Activities	<u>\$ (85,570)</u>
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The accompanying notes are an integral part of this financial statement.

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

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

True North Classical Academy High School, (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, 2024. 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 78 students were enrolled in the 9th grade.

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 that 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 HIGH SCHOOL
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 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 High School, (the “School”) are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

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

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

Budgetary Basis Accounting

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Due from Other Agencies

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

Advanced Grants

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

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.

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

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 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. The net investment in capital assets for the year ending June 30, 2020, was \$37,069.
- 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

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 \$3,384.
- 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.

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

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.

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

Income Taxes

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

Use of Estimates

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

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 10).

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

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 July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets				
Furniture and equipment	\$ -	\$ 52,160	\$ -	\$ 52,160
Total Capital Assets	<u>\$ -</u>	<u>\$ 52,160</u>	<u>\$ -</u>	<u>\$ 52,160</u>
Less Accumulated Depreciation				
Furniture and equipment	\$ -	\$ (15,091)	\$ -	\$ (15,091)
Total Accumulated Depreciation	<u>\$ -</u>	<u>\$ (15,091)</u>	<u>\$ -</u>	<u>\$ (15,091)</u>
Capital Assets, net	<u>\$ -</u>	<u>\$ 37,069</u>	<u>\$ -</u>	<u>\$ 37,069</u>

Depreciation expense for the year ended June 30, 2020, was \$15,091, which is allocated to school administration.

NOTE 4 – DUE FROM OTHER AGENCIES

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 the Charter School Program Grant and capital outlay funding. These receivables are considered 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 and True North Classical Academy South. During 2020, the School shared its facility with True North Classical Academy (see Note 6). Through the Board, management allocates a proportionate share of certain administrative salaries, facility and other expenses based on student enrollment. The Organization and its other charter schools also advance and repay amounts to the School and vice versa.

The School receives supporting contributions from a related not-for-profit organization, True North Classical Academies Foundation, Inc., (the “True North Foundation”). During the year ended June 30, 2020, the School received \$28,000 from the True North Foundation, which is included in contributions and grants in the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance.

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

True North Classical Academy	\$ 11,896
True North Classical Academy South	18,598
True North Classical Academy, Inc.	<u>(273,908)</u>
Total due to related parties, net	<u>\$ (243,414)</u>

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

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Lease agreements

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, with an additional fee of \$400 per student above 362 students. The lease has a minimum annual rent guarantee of \$289,600 throughout the entire term of the lease. This facility is shared with True North Classical Academy (a separate charter school under True North Classical Academy, Inc.). Payments for the lease agreement are allocated between the schools based on enrollment and usage of the facility. The allocation used for the year ended June 30, 2020 was approximately 20% for the School and 80% for True North Classical Academy.

Estimated future minimum lease payments (to be shared with True North Classical Academy) are as follows:

<u>Years Ended June 30,</u>	
2021	\$ 319,600
2022	319,600
2023	293,350
2024	289,600
2025	289,600
2026-2030	1,448,000
2031-2035	1,448,000
2036-2040	1,448,000
2041-2045	1,448,000
2046-2050	1,448,000
2051-2055	1,448,000
2056-2059	<u>1,158,400</u>
Total	<u>\$ 11,358,150</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 \$7,759.

NOTE 7 – DEPOSITS POLICY 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, 2020, the bank balance of the School’s cash deposit accounts was \$119,084. The School is a charter school under the Organization, which also operates two 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. As of June 30, 2020, bank balances in potential excess of FDIC coverage was \$119,084.

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

NOTE 8 – 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 9 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage 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 10 – 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 HIGH 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	\$ 644,960	\$ 644,960	\$ 538,636
Charges for services	25,500	25,500	174,400
Fundraising and other income	70,000	70,000	202,906
TOTAL REVENUES	740,460	740,460	915,942
EXPENDITURES			
Instruction	429,867	429,867	408,650
Instructional staff training services	67,430	67,430	36,810
General administration	15,000	15,000	15,538
School administration	154,308	154,308	144,718
Fiscal services	54,490	54,490	43,054
Food services	15,000	15,000	3,732
Community services	112,500	112,500	227,178
Pupil transportation services	-	-	16,160
Operation of plant	74,636	74,636	90,581
Other capital outlay	20,000	20,000	52,160
TOTAL EXPENDITURES	943,231	943,231	1,038,581
Net change in fund balance	<u>\$ (202,771)</u>	<u>\$ (202,771)</u>	<u>\$ (122,639)</u>

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY HIGH 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	\$ 213,692	\$ 213,692	\$ 305,272
TOTAL REVENUES	213,692	213,692	305,272
EXPENDITURES			
Instruction	115,423	115,423	183,833
Instructional staff training services	52,570	52,570	76,327
Instruction related technology	15,000	15,000	11,441
School administration	25,699	25,699	31,483
Food services	5,000	5,000	2,188
TOTAL EXPENDITURES	213,692	213,692	305,272
Net change in fund balance	\$ -	\$ -	\$ -

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY HIGH 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		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
State capital outlay funding	\$ 50,000	\$ 50,000	\$ 39,135
TOTAL REVENUES	<u>50,000</u>	<u>50,000</u>	<u>\$ 39,135</u>
EXPENDITURES			
Operation of plant	50,000	50,000	39,135
TOTAL EXPENDITURES	<u>50,000</u>	<u>50,000</u>	<u>39,135</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY HIGH 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).



Verdeja • De Armas • Trujillo

Certified Public Accountants and Advisors

Manny Alvarez, C.P.A.
Monique Bustamante, C.P.A.
Pedro M. De Armas, C.P.A.
Eric E. Santa Maria, C.P.A.
Alejandro M. Trujillo, C.P.A.
Octavio A. Verdeja, C.P.A.
Tab Verdeja, C.P.A.
Michelle del Sol, C.P.A.
Cristy C. Rubio, C.P.A.
Tommy Trujillo, C.P.A.
Javier Verdeja, C.P.A.

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 High School
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 High School (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 High School
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of True North Classical Academy High School (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. There is no preceding audit report as the School is in its first full year of operations.

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 High School, 137039.

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 would like to bring the following to the attention of the governing body of the School:

2020-1: Total fund balance deficit

Criteria

Pursuant to Sections 218.39(5), Florida Statutes, the auditor must notify each member of the governing body for which a fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements of entities required to report under governmental financial reporting standards or on the basic financial statements of entities required to report under not-for-profit financial reporting standards, for which sufficient resources of the local governmental entity, charter school, charter technical career center, or district school board, as reported on the fund financial statements, are not available to cover the deficit.

Condition

The School has a total fund balance deficit of \$135,260 and a deficit in total net position of \$98,191 at June 30, 2020.

Cause

The 2019-20 school year was the School's 1st year of operations and the School budgeted and anticipated losses due to start-up costs, many of which were one-time costs that should not occur in subsequent years. True North academic achievements are amongst the top in Florida. In order to launch a school of the highest caliber, the School made significant investments in faculty, professional development, curriculum, technology and staffing. The School budgeted for these costs and obtained the necessary funding through grants and other no interest advances.

Effect

The School has a total fund balance deficit of \$135,260 and a deficit in total net position of \$98,191 at June 30, 2020.

Recommendation

The School needs to continue to properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position.

Management's Response

The 2019-20 school year was the School's first year of operations. Typically, schools during their first year incur many startup expenses that maximize their return throughout several years. Even though the school was at a deficit by the end of the fiscal year, the School budgeted for these losses and were able to fund costs through grants and other no-interest advances. In its first year, the School launched with only 9th grade as planned, which had limited enrollment. Enrollment has more than doubled for the 2020-2021 fiscal year to 168 students as 10th grade was added. This will increase its FEFP funding for the 2020-2021 school year and should allow the School to recover from its operating deficit. Based on these additional funding sources and implementation of additional academic resources, the School is projected to recover financially and provide an exceptional academic program.

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