

C.G. Bethel High School
(A Component Unit of the Miami-Dade County
Public School District)

Basic Financial Statements
and Additional Information
For the Year Ended June 30, 2021

C.G. Bethel High School

Table of Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis	
Management's Discussion and Analysis (Not Covered by Independent Auditor's Report)	3-6
Basic Financial Statements	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Funds	9
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	12
Notes to Basic Financial Statements	13-20
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	21
Budgetary Comparison Schedule – Special Revenue Fund	22
Other Auditor's Reports	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24
Independent Auditor's Report to the Board of Directors	25-26

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
C.G. Bethel High School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of C.G. Bethel High School (the "School"), a division of NorthStar Academies, Inc. and a component unit of the Miami-Dade County Public School District, as of and for the year ended June 30, 2021, 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.

CPA's + Trusted Advisors

Opinions

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, 2021, 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the School are intended to present the financial position and change in financial position of only that portion of the governmental activities and each major fund of NorthStar Academies, Inc. that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of NorthStar Academies, Inc. as of June 30, 2021 and the changes in its financial position or budgetary comparisons, where applicable, for the year ended June 30, 2021 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6, and budgetary comparison for the General Fund and Special Revenue Fund on pages 21 and 22, respectively, 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 15, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Keefe
McCullough**
CPA's + Trusted Advisors

Our discussion and analysis of C.G. Bethel High School's (the "School") financial performance provides an overview of the School's financial activities for the year ended June 30, 2021 with certain comparative information for 2020. Please read it in conjunction with the School's financial statements, which immediately follow this discussion.

Financial Highlights

The following are the highlights of financial activity for the year ended June 30, 2021:

- The School's total liabilities exceeded its assets at June 30, 2021 by \$ 31,115 (net deficit).
- The School's total revenues were \$ 2,697,819, \$ 2,403,030 from FTE revenues, and \$ 294,789 from operating and capital grants. The School's expenses for the year were \$ 2,789,989. Net position for the year decreased by \$ 92,170.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide financial statements: The government-wide financial statements, which consist of the following two 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 the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.
- The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, 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 include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School only has one category of funds - governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. The General Fund, Special Revenue Fund and Capital Projects Fund are considered to be the School's major funds.

A budgetary comparison statement has been provided for the General and Special Revenue Funds to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 9 through 12 of this report.

Notes to basic financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 13 through 20 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's General and Special Revenue Funds adopted budget to actual results. Required supplementary information can be found on pages 21 and 22 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statements of net position as of June 30, 2021 and 2020:

C.G. Bethel High School Statements of Net Position			
		2021	2020
Current Assets	\$	621,356	\$ 637,295
Noncurrent Assets		170,571	185,031
Total assets		791,927	822,326

**C.G. Bethel High School
Management's Discussion and Analysis
June 30, 2021**

C.G. Bethel High School
Statements of Net Position
(continued)

	2021	2020
Current Liabilities	823,042	529,017
Noncurrent Liabilities	-	232,254
Total liabilities	823,042	761,271
Net Position (Deficit):		
Net investment in capital assets	66,718	81,178
Unrestricted (deficit)	(97,833)	(20,123)
Total net position (deficit)	\$ (31,115)	\$ 61,055

A portion of the School's net position reflect its investment in capital assets, less any related outstanding debt used to acquire those assets. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of related debt (if any), it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Resources that are subject to external restrictions on how they may be used are classified as restricted assets. As of June 30, 2021 and 2020, the School had no restricted assets.

As reflected below, the net position is showing a change of \$ (92,170) for the year ended June 30, 2020 and change of \$ (673,944) for the year ended June 30, 2020 as summarized in the following table:

C.G. Bethel High School
Statements of Changes in Net Position
For the Years Ended June 30, 2021 and June 30, 2020

	2021	2020
Revenues:		
General revenues	\$ 2,403,030	\$ 2,135,383
Program revenues	294,789	262,803
Total revenues	2,697,819	2,398,186
Functions/Program Expenses:		
Instruction	782,838	1,013,907
Instructional support services	1,382,838	1,416,569
Operation of non-instructional services	624,313	641,654
Total governmental activities	2,789,989	3,072,130
Change in net position	\$ (92,170)	\$ (673,944)

Financial Analysis of the School's Funds

As noted earlier, the School uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. 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, unreserved fund balance, if any, may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

Capital Asset and Debt Administration

Capital assets: The School's investment in capital assets at June 30, 2021 was \$ 66,718 net of accumulated depreciation compared to \$ 81,178 at June 30, 2020. This investment in capital assets is composed of furniture and computer equipment and leasehold improvements. A more detailed analysis is provided in Note 6 to the financial statements.

Long-term debt: At June 30, 2021 and 2020, the School had outstanding debt of \$ 302,254. A more detailed analysis is provided in Note 7 to the financial statements.

General Fund Budgetary Highlights

Total revenues were unfavorable to the budget by approximately \$ 348,000 and total expenditures were favorable to the budget by approximately \$ 217,000. See page 21 for budget to actual comparisons detail.

Economic Factors for 2021-2022

Total funding for capital outlay is expected to increase slightly in the next year, in addition to increases in regular FFEP revenues. Given the student count remains consistent, the overall effect will be a small increase in revenues.

Requests for Information

This financial report is designed to provide a general overview of C.G. Bethel High School's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to EdisonLearning, Inc.; One Broward Boulevard, Suite 1599, Fort Lauderdale, FL 33301.

BASIC FINANCIAL STATEMENTS

**Keefe
McCullough**
CPA's + Trusted Advisors

C.G. Bethel High School
Statement of Net Position
June 30, 2021

Current Assets:

Cash	\$	521,757
Due from government agencies		91,799
Due from related party		6,600
Prepays		<u>1,200</u>
Total current assets		<u>621,356</u>

Noncurrent Assets:

Capital assets, net of accumulated depreciation		66,718
Deposits and other assets		<u>103,853</u>
Total noncurrent assets		<u>170,571</u>
Total assets		<u>791,927</u>

Current Liabilities:

Accounts payable		50,762
Accrued liabilities		58,155
Due to management company		37,055
Due to related party		374,816
Notes payable - due in less than one year		<u>302,254</u>
Total current liabilities		<u>823,042</u>
Total liabilities		<u>823,042</u>

Net Position (Deficit):

Net investment in capital assets		66,718
Unrestricted (deficit)		<u>(97,833)</u>
Total net position (deficit)	\$	<u><u>(31,115)</u></u>

The accompanying notes to financial statements are an integral part of these statements.

**C.G. Bethel High School
Statement of Activities
For the Year Ended June 30, 2021**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenues (Expenses) and Change in Net Position</u>
Functions/Programs:					
Governmental activities:					
Regular instruction	\$ 782,838	\$ -	\$ 54,802	\$ -	\$ (728,036)
Administrative services	251,118	-	-	-	(251,118)
Instructional support services	345,029	-	2,479	-	(342,550)
Plant operations and maintenance	786,691	-	58,685	178,823	(549,183)
Student transportation	-	-	-	-	-
Operation of non- instructional services:					
Fiscal services	<u>624,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(624,313)</u>
Total governmental activities	\$ <u>2,789,989</u>	\$ <u>-</u>	\$ <u>115,966</u>	\$ <u>178,823</u>	<u>(2,495,200)</u>
General revenues:					
FTE nonspecific revenues					<u>2,403,030</u>
Total general revenues					<u>2,403,030</u>
Change in net position					(92,170)
Net position, July 1, 2020					<u>61,055</u>
Net position (deficit), June 30, 2021					\$ <u>(31,115)</u>

The accompanying notes to financial statements are an integral part of these statements.

C.G. Bethel High School
Balance Sheet - Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets:				
Cash	\$ 521,757	\$ -	\$ -	\$ 521,757
Due from government agencies	73	71,084	20,642	91,799
Due from related party	6,600	-	-	6,600
Prepays	1,200	-	-	1,200
Deposits and other assets	103,853	-	-	103,853
Due from other funds	<u>91,726</u>	<u>-</u>	<u>-</u>	<u>91,726</u>
Total assets	<u>\$ 725,209</u>	<u>\$ 71,084</u>	<u>\$ 20,642</u>	<u>\$ 816,935</u>
Liabilities:				
Accounts payable	\$ 50,762	\$ -	\$ -	\$ 50,762
Accrued liabilities	58,155	-	-	58,155
Due to management company	37,055	-	-	37,055
Due to related party	374,816	-	-	374,816
Due to other funds	<u>-</u>	<u>71,084</u>	<u>20,642</u>	<u>91,726</u>
Total liabilities	<u>520,788</u>	<u>71,084</u>	<u>20,642</u>	<u>612,514</u>
Fund Balances:				
Nonspendable for prepaids and deposits and other assets	105,053	-	-	105,053
Unassigned	<u>99,368</u>	<u>-</u>	<u>-</u>	<u>99,368</u>
Total fund balances	<u>204,421</u>	<u>-</u>	<u>-</u>	<u>204,421</u>
Total liabilities and fund balances	<u>\$ 725,209</u>	<u>\$ 71,084</u>	<u>\$ 20,642</u>	<u>\$ 816,935</u>

The accompanying notes to financial statements are an integral part of these statements.

**C.G. Bethel High School
 Reconciliation of the Balance Sheet - Governmental Funds
 to the Statement of Net Position
 June 30, 2021**

**Reconciliation of the Balance Sheet - Governmental
 Funds to the Statement of Net Position**

Governmental fund balances	\$	204,421
----------------------------	----	---------

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

Capital assets used in governmental activities are non financial resources and therefore are not reported in the governmental funds.

Cost of capital assets	\$	743,288	
Accumulated depreciation		<u>(676,570)</u>	66,718

Liabilities not payable with current available resources are not reported as fund balances in the governmental fund statements. All liabilities, both current and long-term, are reported in the governmental-wide statements.

Notes payable		<u>(302,254)</u>
---------------	--	------------------

Net Position of Governmental Activities	\$	<u><u>(31,115)</u></u>
--	----	------------------------

The accompanying notes to financial statements are an integral part of these statements.

**C.G. Bethel High School
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:				
State sources	\$ 2,447,912	\$ -	\$ 178,823	\$ 2,626,735
Federal sources	-	71,084	-	71,084
Total revenues	<u>2,447,912</u>	<u>71,084</u>	<u>178,823</u>	<u>2,697,819</u>
Expenditures:				
Current:				
Instruction	772,918	9,920	-	782,838
Instructional support services	327,800	2,479	-	330,279
Student transportation services	-	-	-	-
Fiscal services	624,313	-	-	624,313
Plant operations and maintenance	524,205	58,685	178,823	761,713
Administrative services	251,118	-	-	251,118
Capital outlay:				
Equipment and improvements	25,268	-	-	25,268
Total expenditures	<u>2,525,622</u>	<u>71,084</u>	<u>178,823</u>	<u>2,775,529</u>
Net change in fund balances	(77,710)	-	-	(77,710)
Fund Balances, July 1, 2020	<u>282,131</u>	<u>-</u>	<u>-</u>	<u>282,131</u>
Fund Balances, June 30, 2021	<u>\$ 204,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,421</u>

The accompanying notes to financial statements are an integral part of these statements.

**C.G. Bethel High School
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances - Governmental
 Funds to the Statement of Activities
 For the Year Ended June 30, 2021**

Net Change in Fund Balances - Governmental Funds \$ (77,710)

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

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as a provision for depreciation.

Expenditures for capital assets	\$	25,268	
Provision for depreciation		<u>(39,728)</u>	<u>(14,460)</u>

Change in Net Position on the Statement of Activities \$ (92,170)

The accompanying notes to financial statements are an integral part of these statements.

Note 1 - Organization and Operations

C.G. Bethel High School (the "School") is a division of NorthStar Academies, Inc. (the "Entity") and a component unit of the Miami-Dade County Public School District (the "District"). The School commenced operations in July 2009 and offers classes for high school students predominantly in the City of North Miami Beach, Florida. Approximately 343 students were enrolled in classes when the school year ended in June 2021.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of NorthStar Academies, Inc. as of June 30, 2021, and the changes in its 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.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring school district, the School Board of Miami-Dade County, Florida (the "School Board"). The current charter is effective until June 30, 2029. 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 ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The School is considered a component unit of the Miami-Dade County Public School District.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable which would require inclusion in the School's financial statements.

Basis of presentation: Based on the guidance presented in the American Institute of Certified Public Accountants Audit and Accounting Guide – Not-for-Profit Organizations and provisions of Section 228.056(9), Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes.

Government-wide financial statements: Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Note 2 - Summary of Significant Accounting Policies (continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School.

Fund financial statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental fund financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental fund financial statements.

The School reports the following major governmental funds:

- **General Fund** – This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.
- **Special Revenue Fund** – This fund is used to account for federal grants that are legally restricted to expenditures for particular purposes.
- **Capital Projects Fund** – This fund is used to account for state capital outlay funding that is legally restricted to expenditures for particular purposes.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets (if any).
- Restricted net position - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - indicates that portion of net position that will need to be funded by future operations.

Fund balance: The School has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance classifications to report on the nature and extent to which the school is bound to have constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – consists of amounts that are not in spendable form and of net position that are legally or contractually required to be maintained intact.

Note 2 - Summary of Significant Accounting Policies (continued)

- Restricted fund balance – consists of amounts with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Committed fund balance – consist of amount that can be used for specific purposes pursuant to constraints imposed by the government itself, using its highest level of decision making authority.
- Assigned fund balance – consists of amounts that are constrained by the government's intended use of resources but are neither restricted nor committed.
- Unassigned – consists of net resources in excess of what can be properly classified in one of the above categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the School's governing body or its delegated official or body has provided otherwise in its commitment or assignment actions. The details of the fund balances are included in the Balance Sheet- Governmental Funds on page 9.

Measurement focus and basis of accounting: The basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statement uses the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the current period is defined as sixty days.

Cash and cash equivalents: The School maintains its cash accounts with two financial institutions. The School's accounts at these institutions, at times, may exceed the federally insured limit. The School has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk (Note 3).

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Due to and due from other funds: Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Note 2 - Summary of Significant Accounting Policies (continued)

Capital assets: Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost of \$ 1,000 and a useful life of over one year. Donated capital assets are valued at their estimated fair market value as of the date received. Additions, improvements, and other expenditures that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the capital assets estimated useful lives as follows:

Furniture and computer equipment	3-5 years
Leasehold improvements	5 years

Compensated absences: The School's policy allows certain employees to carry over unused vacation time during the year. Unused sick leave benefits are not paid upon separation from service. No liability for compensated absences was recorded for the year ending June 30, 2021.

Unearned revenue: Unearned revenue arises when the School receives resources before it has legal claim to them.

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

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

Revenue recognition: Student funding is provided by the State of Florida through the District. Such funding is recorded as entitlement revenue in the government-wide financial statements and state source revenue in the fund financial statements and is net of a 5% administration fee, for the first 250 students, retained by the District. This funding is received on a pro rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Grant and contract revenue: Grant and contract revenue is recognized when the allowable costs, as defined by the individual grant or contract, are incurred.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of management review: Subsequent events were evaluated by management through September 15, 2021, which is the date the financial statements were available for issuance.

Note 3 - Cash and Cash Equivalents

At June 30, 2021, the carrying amount of the deposits and cash on hand totaled \$ 521,757, with a bank balance of \$ 544,766.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and the reporting requirements of the qualified public depository to the Treasurer is defined by statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository and are covered by the collateral pool because the School has identified itself as a public entity.

Note 4 - Budgets

The School formally adopted budgets for the General, Special Revenue and Capital Projects Funds by function for the year ended June 30, 2021. The budgets have been prepared in accordance with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the budgeted amounts for the General Fund and Special Revenue Fund are presented as required supplementary information.

Note 5 - Due from Government Agencies

Due from government agencies at June 30, 2021 mostly consists of amounts due from the District for capital outlay funds and the Department of Education for Elementary and Secondary Emergency Assistance Grants (ESSER) and Title V funds.

Note 6 - Capital Assets

A summary of changes in governmental capital assets is as follows:

	Balance at July 1, 2020	Additions	Retirements	Balance at June 30, 2021
Capital assets, depreciable:				
Furniture and computer equipment	\$ 526,735	\$ 25,268	\$ -	\$ 552,003
Leasehold improvements	<u>191,285</u>	<u>-</u>	<u>-</u>	<u>191,285</u>
Total capital assets, depreciable	<u>718,020</u>	<u>25,268</u>	<u>-</u>	<u>743,288</u>
Accumulated depreciation:				
Furniture and computer equipment	494,061	14,750	-	508,811
Leasehold improvements	<u>142,781</u>	<u>24,978</u>	<u>-</u>	<u>167,759</u>
Total accumulated depreciation	<u>636,842</u>	<u>39,728</u>	<u>-</u>	<u>676,570</u>
Net capital assets	<u>\$ 81,178</u>	<u>\$ (14,460)</u>	<u>\$ -</u>	<u>\$ 66,718</u>

Note 6 - Capital Assets (continued)

The provision for depreciation for the year ended June 30, 2021 amounted to \$ 39,728. The School allocated 37% of the depreciation to instructional support services and 63% to the operation of the facility.

As part of the School’s charter contract, all capital assets purchased with public funds will automatically revert to the District upon the non-renewal or termination of this contract.

Note 7 - Debt

The School previously executed a note payable to Chambers High School (“Chambers”). This note bears interest, compounded monthly, at an annual rate of 5%. All outstanding principal and accrued interest were due and payable on May 1, 2021 and is in the process of being renewed through May 1, 2022.

On April 21, 2020, the Entity, whom the School is a division, executed a promissory note for \$ 1,080,740 under the Paycheck Protection Program (“PPP”) authorized by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The proceeds of this loan were allocated to five Schools (the School, Chambers High School, Andrews High School, Sunrise High School and Palm Beach Preparatory Charter Academy) that are within the Entity. \$ 232,254 was allocated to the School and is the outstanding amount at June 30, 2021. The loan bears interest rate at 1.00% per annum. Under the PPP, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent, and utility costs and if the Foundation maintains certain employment levels during a specified period of time. If the Small Business Administration (“SBA”) confirms full forgiveness of the unpaid balance of the note, the Entity’s obligation under this arrangement will be deemed fully satisfied. The Entity remains obligated to repay to the lender any amount not forgiven, which will mature on the 2nd anniversary of the note. Principal and interest payments are deferred until the lender receives a forgiveness determination from SBA. If the Entity does not apply for forgiveness within 10 months after the last day of their covered period, as applicable, it would be required to make payments on the PPP loan beginning 10 months after the last day of such covered period. At such time, the bank will establish the amount of monthly payments due (principal and interest) based on the remaining time up until its maturity. The proceeds of this loan were allocated to five Schools (the School, Chambers High School, Andrews High School, Sunrise High School and Palm Beach Preparatory Charter Academy) that are within the Entity. The School was allocated \$ 232,254 of the \$ 1,080,740, which is the outstanding balance as of June 30, 2021. Subsequent to year end, the Entity applied for forgiveness and is expected to be recognized as revenue in the June 30, 2022 financial statements.

The following table summarizes the debt activity for the year ended June 30, 2021:

	Balance at July 1, 2020	Additions	Retirements	Balance at June 30, 2021	Due within one year
Note payable - Chambers	\$ 70,000	\$ -	\$ -	\$ 70,000	\$ 70,000
PPP Loan	232,254	-	-	232,254	232,254
	<u>\$ 302,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,254</u>	<u>\$ 302,254</u>

Note 8 - Contingencies and Commitments

Grant agreements: The School received financial assistance from Federal and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. In accordance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Florida Single Audit Act, the School is not required to conduct “single audits” since the required threshold for both federal awards and state financial assistance is currently \$ 750,000 and the School did not exceed either threshold.

Lease Commitment: The School entered into an operating lease for the rental of its facility with monthly payments of approximately \$30,800 per month through June 30, 2024. The lease contains two (2) five (5) year renewal options. Total expense in connection with the facility lease amounted to \$ 370,000 for the year ended June 30, 2021.

Future lease payments are approximately as follows:

<u>Year Ending June 30,</u>		
2022	\$	370,000
2023	\$	370,000
2024	\$	370,000
Thereafter	\$	NONE

Management Agreement: The School operates under a management agreement with EdisonLearning, Inc. (“Edison”), which is a third-party education service provider. The contract provided for assisting the School in the performance of most administrative, operating, financial duties and providing operating equipment. The management agreement’s term is for ten academic school years ending with the 2028-2029 school year to be concurrent with the renewal of the charter. The agreement provided for an additional five-year term or such periods that are consistent with the charter contract term. In exchange for the aforementioned services, the School’s Board agreed on a fee annually contained in their budget. For the year ended June 30, 2021, the total amount of compensation paid to Edison amounted to approximately \$ 536,000. At June 30, 2021, the School had an amount due to Edison amounting to \$ 37,055, which represents reimbursement for School expenses.

Post-retirement benefits: The School offers the opportunity to participate in its defined contribution 401(k) plan to eligible employees. The School did not make a contribution to the plan for the year ended June 30, 2021.

Note 9 - Related Party Transactions

The School is related to Chambers, as they are governed under the same Board of Directors and are both divisions of the Entity. As stated in Note 7, the School was previously advanced funds, in the form of a note payable obligation. The outstanding balance of this obligation at June 30, 2021 was \$ 70,000. In addition, at June 30, 2021, the school had an amount due to Chambers amounting to \$ 374,816, which represents expenses paid on behalf of the School due to the enrollment shortfall.

Note 9 - Related Party Transactions (continued)

The School has an additional amount of \$ 11,788 that is due to Chambers, for shared expenses, which is included in accounts payable in the accompanying financial statements.

In addition, at June 30, 2021, the Entity has a balance owed to the School amounting to \$ 6,600, which represents expenses paid by the School on behalf of the Entity.

Note 10 - Income Taxes

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

Note 11 - Risk Financing

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There have been no claims in excess of insurance coverage limits during the current year.

Note 12 - Risks and Uncertainties

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown precisely how this negative outlook will impact the Organization's financial statements in the future. No adjustments have been made to the accompanying financial statements as a result of the current events.

REQUIRED SUPPLEMENTARY INFORMATION

**Keefe
McCullough**
CPA's + Trusted Advisors

**C.G. Bethel High School
 Budgetary Comparison Schedule - General Fund
 For the Year Ended June 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
State sources	\$ <u>2,806,006</u>	\$ <u>2,447,912</u>	\$ <u>(358,094)</u>
Total revenues	<u>2,806,006</u>	<u>2,447,912</u>	<u>(358,094)</u>
Expenditures:			
Current:			
Instruction	912,479	772,918	139,561
Instructional support services	356,591	327,800	28,791
Student transportation services	66,576	-	66,576
Fiscal services	622,315	624,313	(1,998)
Plant operations and maintenance	537,152	524,205	12,947
Administrative services	226,357	251,118	(24,761)
Capital outlay:			
Equipment and improvements	<u>30,996</u>	<u>25,268</u>	<u>5,728</u>
Total expenditures	<u>2,752,466</u>	<u>2,525,622</u>	<u>226,844</u>
Net change in fund balance	\$ <u><u>53,540</u></u>	\$ <u><u>(77,710)</u></u>	\$ <u><u>(131,250)</u></u>

**C.G. Bethel High School
 Budgetary Comparison Schedule - Special Revenue Fund
 For the Year Ended June 30, 2021**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Federal sources:			
Elementary and Secondary Emergency Assistance Grants (ESSER)	\$ -	\$ 61,164	\$ 61,164
Title V	-	9,920	9,920
	<u>-</u>	<u>71,084</u>	<u>71,084</u>
Total revenues	<u>-</u>	<u>71,084</u>	<u>71,084</u>
Expenditures:			
Regular instruction	-	9,920	(9,920)
Instructional support services	-	2,479	(2,479)
Plant operations and maintenance	-	58,685	(58,685)
	<u>-</u>	<u>71,084</u>	<u>(71,084)</u>
Total expenditures	<u>-</u>	<u>71,084</u>	<u>(71,084)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER AUDITOR'S REPORTS

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

To the Board of Directors
C.G. Bethel High School

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 C.G. Bethel High School (the "School"), a division of NorthStar Academies, Inc. and a component unit of the Miami-Dade County Public School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 15, 2021.

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) as a basis for designing 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.

CPA's + Trusted Advisors

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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 15, 2021

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

To the Board of Directors
C.G. Bethel High School

Report on the Financial Statements

We have audited the financial statements of C.G. Bethel High School (the "School"), a division of NorthStar Academies, Inc. and a component unit of the Miami-Dade County Public School District, as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated September 15, 2021.

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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 15, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding 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 assigned by the Florida Department of Education of the entity is C.G. Bethel High School and 137062.

CPA's + Trusted Advisors

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires 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.

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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
September 15, 2021