



Somerset Academy Riverside Charter School
W/L# 5387

(A Charter School and Component Unit
of the School Board of Broward County, Florida)

Financial Statements and
Independent Auditors' Report
June 30, 2021

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Somerset Academy Riverside Charter School
(A charter school under Somerset Academy, Inc.)
W/L# 5387

2251 Riverside Dr.
Coral Springs, Florida 33065

2020-2021

Board of Directors

Todd German, Director and Board Chair
Ana Diaz, Secretary and Director
David Concepcion, Director
Dr. Bernard Kimmel, Director
Brian M, Cox, Director

School Administration

Geyler Herrera Castro, Principal

Other non-voting officers

Bernardo Montero, President
Suzette Ruiz, Vice-President



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Somerset Academy Riverside Charter School
Coral Springs, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Somerset Academy Riverside Charter School (the "School"), a charter school under Somerset Academy, Inc., which is a component unit of the District School Board of Broward County, 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 of America. 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Somerset Academy Riverside Charter 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.

Correction of an Error

As discussed in Note 11, the year 2020 financial statements did not reflect a rent reduction as per lease amendment which resulted in an overstatement of rent expense for that year. Our opinion is not modified with respect to this matter.

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Somerset Academy Riverside Charter School as of June 30, 2021, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of Somerset Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of Somerset Academy, Inc. as of June 30, 2021 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 4 through 8 and 29 through 30 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.

Required Supplementary Information

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 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, 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 the 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 29, 2021

Management's Discussion and Analysis
Somerset Academy Riverside Charter School
(A Charter School under Somerset Academy, Inc.)
June 30, 2021

The corporate officers of Somerset Academy, Inc. have prepared this narrative overview and analysis of Somerset Academy Riverside Charter School's financial activities for the fiscal year ended June 30, 2021.

Financial Highlights

1. The net position of the Charter School as of June 30, 2021 was \$129,768.
2. At year-end, the School had current assets on hand of \$670,280.
3. The net position of the School decreased by \$(94,937) during the year.
4. The unassigned fund balance at year end was \$205,163.

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, 2021 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, deferred outflows of resources, liabilities and deferred inflows of resources. The difference between the four 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 when the underlying event 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. 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.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for its major 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 – 28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, assets exceeded liabilities by \$129,768 at the close of the fiscal year. A summary of the School's net position as of June 30, 2021 and 2020 is as follows:

	2021	2020
Cash	\$ 65,743	\$ 31,198
Investments	250,000	290,000
Prepaid expenses and other current assets	144,772	41,753
Due from other agencies	145,369	31,110
Due from other charter schools	64,396	64,396
Grant receivable from Somerset Academy, Inc.	-	200,000
Deposits	15,754	15,754
Capital assets, net	149,305	150,648
Total Assets	835,339	824,859
Deferred outflows of resources	-	-
Salaries and wages payable	132,780	100,396
Accounts payable	62,875	185,709
Equipment lease payable	59,067	78,200
Due to other divisions of Somerset Academy, Inc.	450,849	235,849
Total Liabilities	705,571	600,154
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	90,238	72,448
Unrestricted	39,530	152,257
Total Net Position	\$ 129,768	\$ 224,705

At the end of both years, the School is able to report a positive balance in net position.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
REVENUES		
Program Revenues		
Operating Grants and Contributions	\$ 477,360	\$ 139,233
Capital Grants and Contributions	148,990	148,409
Charges for Services	52,805	14,884
General Revenues		
Local Sources (FTE and other non specific)	1,942,034	1,761,562
Other Revenues	<u>161,445</u>	<u>443,582</u>
Total Revenues	\$ 2,782,634	\$ 2,507,670
EXPENSES		
Instruction	\$ 1,392,489	\$ 1,155,502
Student support services	54,657	-
Instructional staff training	1,158	1,611
Board	17,595	15,681
General administration	92,615	86,738
School administration	337,738	337,816
Fiscal services	41,100	35,325
Food services	90,006	96,511
Central services	59,632	59,031
Operation of plant	564,898	478,912
Maintenance of plant	178,911	145,067
Administrative technology services	24,457	-
Community services	19,826	-
Interest	<u>2,489</u>	<u>3,258</u>
Total Expenses	<u>2,877,571</u>	<u>2,415,452</u>
Increase (decrease) in Net Position	(94,937)	92,218
Net Position at Beginning of year, restated	<u>224,705</u>	<u>132,487</u>
Net Position at End of year	<u>\$ 129,768</u>	<u>\$ 224,705</u>

The School's revenues and expenses increased by \$274,964 and \$462,119, respectively. The School had a decrease in its net position of \$(94,937).

Capital Improvement Requirements

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

School Location

For 2020-2021, the continued to operate at its facility located at 2251 Riverside Dr. Coral Springs, Florida 33065.

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, the *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.

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$349,935. The fund balance unassigned and available for spending at the School's discretion is \$205,163. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets as of June 30, 2021 amounts to \$149,305 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and equipment. At June 30, 2021 the School had \$59,067 in long term debt associated to its capital assets.

Governmental Fund Budget Analysis and Highlights

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.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital grants and contributions	\$ 146,000	\$ 149,000	\$ 148,990
Federal sources	475,320	476,540	357,188
Charges for services	14,150	15,982	16,848
General Revenues			
FTE and other nonspecific revenues	2,023,099	1,941,260	1,942,034
Charges and other revenues	187,001	194,520	197,402
Total Revenues	<u>\$ 2,845,570</u>	<u>\$ 2,777,302</u>	<u>\$ 2,662,462</u>
CURRENT EXPENDITURES			
Instruction	\$ 1,384,427	\$ 1,365,929	\$ 1,337,099
Student support services	25,112	55,518	54,657
Instructional staff training	2,000	2,000	1,158
Board	34,252	20,775	17,595
General administration	92,170	92,561	91,935
School administration	279,002	380,763	337,495
Fiscal services	43,800	41,100	41,100
Food services	92,332	91,655	90,006
Central services	71,200	59,632	59,632
Operation of plant	597,934	563,080	562,918
Maintenance of plant	136,000	179,659	173,824
Administrative technology services	13,332	25,428	24,457
Community services	21,441	20,050	19,826
Total Current Expenditures	<u>\$ 2,793,002</u>	<u>\$ 2,898,150</u>	<u>\$ 2,811,702</u>

Most variances occurred as a result of the Budget adopted being more conservative than actual results for the year.

Requests for Information

This financial report is intended to provide a general overview of the finances of the Charter School. Requests for additional information may be addressed to Ms. Ana Martinez at Academica Broward, LLC, 6340 Sunset Drive, Miami, Florida 33143.

Somerset Academy Riverside Charter School
(A charter school under Somerset Academy, Inc.)

Statement of Net Position
June 30, 2021

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash	\$ 65,743
Investments	250,000
Due from other agencies	145,369
Due from Somerset Academy Riverside Charter Middle	64,396
Prepaid expenses and other current assets	<u>144,772</u>
	670,280
Deposits	15,754
Capital assets	285,769
Less: accumulated depreciation	<u>(136,464)</u>
	<u>149,305</u>
Total Assets	<u>835,339</u>
 <u>Deferred Outflows of Resources</u>	 <u>-</u>
 <u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	132,780
Accounts payable	62,875
Note payable, current portion	<u>23,882</u>
	219,537
Note payable	35,185
Due to other divisions of Somerset Academy, Inc.	<u>450,849</u>
Total Liabilities	<u>705,571</u>
 <u>Deferred Inflows of Resources</u>	 <u>-</u>
 <u>Net Position</u>	
Net investment in capital assets	90,238
Unrestricted	<u>39,530</u>
Total Net Position	<u>\$ 129,768</u>

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

Somerset Academy Riverside Charter School
(A charter school under Somerset Academy, Inc.)

Statement of Activities
For the year ended June 30, 2021

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 1,392,489	\$ 35,957	\$ 437,658	\$ -	\$ (918,874)
Student support services	54,657	-	-	-	(54,657)
Instructional staff training	1,158	-	-	-	(1,158)
Board	17,595	-	-	-	(17,595)
General administration	92,615	-	-	-	(92,615)
School administration	337,738	-	-	-	(337,738)
Fiscal services	41,100	-	-	-	(41,100)
Food services	90,006	9,475	39,702	-	(40,829)
Central services	59,632	-	-	-	(59,632)
Operation of plant	564,898	-	-	148,990	(415,908)
Maintenance of plant	178,911	-	-	-	(178,911)
Administrative technology service	24,457	-	-	-	(24,457)
Community services	19,826	7,373	-	-	(12,453)
Interest	2,489	-	-	-	(2,489)
Total governmental activities	2,877,571	52,805	477,360	148,990	(2,198,416)

General revenues:

FTE and other nonspecific revenues	1,942,034
Interest and other revenue	161,445
	<hr/>

Change in net position (94,937)

Net position , beginning, restated	224,705
Net position, ending	<hr/> \$ 129,768

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

Somerset Academy Riverside Charter School
(A charter school under Somerset Academy, Inc.)

Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 61,225	\$ 4,518	\$ 65,743
Investments	250,000	-	250,000
Due from other agencies	-	25,197	25,197
Due from fund	25,197	-	25,197
Due from Somerset Academy Riverside Charter Middle	64,396	-	64,396
Prepaid expenses	144,772	-	144,772
Total Assets	<u>545,590</u>	<u>29,715</u>	<u>575,305</u>
<u>Deferred Outflows of Resources</u>			
	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>			
Salaries and wages payable	132,780	-	132,780
Accounts payable	62,875	-	62,875
Due to fund	-	25,197	25,197
Total Liabilities	<u>195,655</u>	<u>25,197</u>	<u>220,852</u>
<u>Deferred Inflows of Resources</u>			
	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance</u>			
Nonspendable, not in spendable form	144,772	-	144,772
Assigned	-	4,518	4,518
Unassigned	205,163	-	205,163
	<u>349,935</u>	<u>4,518</u>	<u>354,453</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 545,590</u>	<u>\$ 29,715</u>	<u>\$ 575,305</u>

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

Somerset Academy Riverside Charter School
(A charter school under Somerset Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds \$ 354,453

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

Capital assets of \$285,769 net of accumulated depreciation of \$136,464 used in governmental activities are not financial resources and therefore are not reported in the fund. 149,305

Long term deposits in governmental activities are not financial resources and therefore are not reported in the governmental funds. 15,754

Receivables in governmental activities that are not collected within 60 days are not current financial resources and therefore are not reported in the governmental funds. 120,172

Long term liabilities are not due and payable in the current period and, therefore, is not reported in the governmental funds. (509,916)

Total Net Position - Governmental Activities \$ 129,768

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

Somerset Academy Riverside Charter School
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2021

	General Fund	Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
State capital outlay funding	\$ -	\$ -	\$ 148,990	\$ 148,990
State passed through local	1,942,034	-	-	1,942,034
Federal sources	-	357,188	-	357,188
Charges for services	35,957	16,848	-	52,805
Interest and other revenue	161,445	-	-	161,445
Total Revenues	2,139,436	374,036	148,990	2,662,462
Expenditures:				
Current				
Instruction	922,405	414,694	-	1,337,099
Student support services	54,657	-	-	54,657
Instructional staff training	1,158	-	-	1,158
Board	17,595	-	-	17,595
General administration	91,935	-	-	91,935
School administration	337,495	-	-	337,495
Fiscal services	41,100	-	-	41,100
Food services	-	90,006	-	90,006
Central services	59,632	-	-	59,632
Operation of plant	413,928	-	148,990	562,918
Maintenance of plant	173,824	-	-	173,824
Administrative technology services	24,457	-	-	24,457
Community services	-	19,826	-	19,826
Capital Outlay:				
Other capital outlay	39,073	22,964	-	62,037
Debt Service:				
Redemption of Principal	-	-	91,776	91,776
Interest	-	-	2,489	2,489
Total Expenditures	2,177,259	547,490	243,255	2,968,004
Excess (deficit) of revenues over expenditures	(37,823)	(173,454)	(94,265)	(305,542)
Other financing sources (uses)				
Transfers in (out)	(263,161)	168,896	94,265	-
Proceeds from issuance of debt	287,643	-	-	287,643
Net change in fund balance	(13,341)	(4,558)	-	(17,899)
Fund Balance at beginning of year, restated	363,276	9,076	-	372,352
Fund Balance at end of year	\$ 349,935	\$ 4,518	\$ -	\$ 354,453

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

Somerset Academy Riverside Charter School
(A charter school under Somerset Academy, Inc.)

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, 2021

Net Change in Fund Balance - Governmental Funds \$ (17,899)

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. This is the amount by which capital outlays of \$62,037 exceeded depreciation expense of \$63,380 (1,343)

Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds. These revenues did not meet the recognition criteria during the current year and, therefore, were not reported in the governmental funds. 120,172

The proceeds from debt issuance provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayment of \$91,776 exceeded proceeds of \$287,643. (195,867)

Change in Net Position of Governmental Activities \$ (94,937)

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Somerset Academy Riverside Charter School (the "School"), is a component unit of the School Board of Broward County, Florida (the "District"). The School's charter is held by Somerset Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Somerset Academy, Inc., which is composed of five members and also governs other charter schools.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Broward, Florida. The current charter expires on June 30, 2023 and it can be further renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School serves students from kindergarten to fifth grade and is funded by the District. These financial statements are through June 30, 2021, when on average 274 students were enrolled for the school year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Accordingly, the basic financial statements include both the government-wide and fund financial statements.

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 about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. 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, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other miscellaneous sources.

Note 1 – 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, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds with all non-major funds aggregated in a single column:

General Fund - is the School's primary operating fund. It accounts for all financial resources of the school, except those required to be accounted for in another fund.

Special Revenue Fund – accounts for specific revenues, such as federal funding, federal lunch program, and COVID-19 emergency relief funding that are legally restricted to expenditures for particular purposes. Also, accounts for resources of the School's Internal Fund, which is used to administer monies collected in connection with school, student athletics, class, and club activities.

Measurement Focus and Basis of Accounting

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

The government-wide statements report using the economic resources measurement focus and the full 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. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions.

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 liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year.

Note 1 – Summary of Significant Accounting Policies (continued)

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. Charges for services and fees are recognized when cash is collected as amounts are not measurable. 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.

Budgets and Budgetary Accounting

In compliance with Florida Statutes, the Board of Directors adopts an annual budget using the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g. salaries and benefits, purchased services, materials and supplies and capital outlay) within each activity (e.g. instruction, pupil personnel services and school administration). Revisions to the annual budget are approved by the Board.

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, non-marketable time deposits with maturities of three months or less when purchased, and money market/savings accounts.

The School has not adopted a formal deposit and investment policy that limits the School's allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund.

The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, *Fair Value Measurement and Application*, and other related standards which establish accounting and financial reporting standards for all investments (see Note 2). Money market investment that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

Inter-fund Transfers

Inter-fund receivables/payables (“due from/to”) are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies relate to grants or programs for which the services have been provided by the School.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net assets in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the governmentwide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds. Estimated useful lives, in years, for depreciable assets are as follows:

Improvements	5-20 Years
Furniture and computer equipment	5 Years
Software	3 Years

Compensated Absences

The School grants a specific number of sick days. Full time instructional employees are eligible to one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. Employees may “cash out” unused sick days however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days in order to cash out.

The cash out value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

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 absences available to be used in future benefits 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 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 net 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 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 Sources

Revenues for current operations are received primarily from the State through 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 FEFP.

Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

Finally, the School also receives 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 expended. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance Classification

Government-wide financial statements

Equity is classified as net position and displayed in three components:

- a) Net investment in capital assets - consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for a specific purpose, it is the School's policy to use restricted resources first, until exhausted, before using unrestricted resources.

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

- a) Nonspendable – includes amounts that cannot be spent because they are either not expected to be converted into cash or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories and prepaid expenses.
- b) Restricted – this classification includes fund balance category amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. There are no restricted fund balances at year end.
- c) 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. There are no committed fund balances at year end.
- d) Assigned - fund balance classification that is 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. Assigned fund balances at year end pertain to the School's student activities account.
- e) Unassigned – portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Note 1 – Summary of Significant Accounting Policies (continued)

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

Prepaid Expenses

Other assets consist mainly of prepaid expenses which are payments for goods or services that have not been consumed or used at year end. The expenditure will be recorded when the asset is used. Accordingly, prepaid expenses are equally offset by a nonspendable fund balance classification.

Income Taxes

Somerset Academy, Inc. 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.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 29, 2021, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

New Accounting Standard Adopted

During the year, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: Statement No. 84 *Fiduciary Activities*. See Note 11.

Pronouncements Issued But Not Yet Effective

GASB has issued GASB Statement No. 87 *Leases*, effective fiscal year 2022, that will affect the future financial position, results of operations, or financial presentation of the School upon implementation. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

Note 2 – Cash and Investments

Deposits

The School maintains its cash in two financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Somerset Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Somerset Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2021, bank balances in potential excess of FDIC coverage was \$24,859.

Investments

The School follows the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

At June 30, 2021, the School had \$250,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2021, maturities of the fund's portfolio holdings are approximately 79% within 30 days.

Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's and issued by Morgan Stanley.

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

At June 30, 2021, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

Somerset Academy Riverside Charter School
(A Charter School under Somerset Academy, Inc.)
Notes to Financial Statements
June 30, 2021

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, 2021:

	Balance 07/01/20	Additions	Retirements	Balance 06/30/21
Capital assets, depreciable:				
Improvements	\$ 42,091	\$ -	\$ -	\$ 42,091
Computer equipment and software	107,008	2,909	(17,080)	92,837
Furniture and equipment	95,603	59,128	(3,890)	150,841
Total Capital Assets	<u>244,702</u>	<u>62,037</u>	<u>(20,970)</u>	<u>285,769</u>
Less Accumulated Depreciation:				
Improvements	(4,921)	(8,418)	-	(13,339)
Computer equipment and software	(53,408)	(22,640)	17,080	(58,968)
Furniture and equipment	(35,725)	(32,322)	3,890	(64,157)
Total Accumulated Depreciation	<u>(94,054)</u>	<u>(63,380)</u>	<u>20,970</u>	<u>(136,464)</u>
Capital Assets, net	<u>\$ 150,648</u>	<u>\$ (1,343)</u>	<u>\$ -</u>	<u>\$ 149,305</u>

For the fiscal year ended June 30, 2021, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	55,390
School administration		923
Maintenance of plant		5,087
Operation of plant		1,980
Total Depreciation Expense	<u>\$</u>	<u>63,380</u>

Note 4 – Education Service and Support Provider

Academica Broward, LLC, an education service and support provider, provides administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting and virtual education services. The agreement between the School and the management company calls for a fee on a per student basis. The agreement is with Somerset Academy, Inc. through June 30, 2022. During the year ended June 30, 2021, the School incurred \$123,300 in fees.

Note 5 – Transactions with other Divisions of Somerset Academy, Inc.

During 2021, the School shared its facility with Somerset Academy Riverside Charter Middle School (another charter school under Somerset Academy, Inc.). Through the board, management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses based on student enrollment and usage of facilities and staff to this school.

The School's lunch program is shared with other Schools under Somerset Academy, Inc. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements. As of June 30, 2021, the School had \$64,396 due from Somerset Academy Riverside Charter Middle School as a result of these allocations.

Somerset Academy, Inc.

Somerset Academy, Inc. charges all of its affiliated schools an assessment for shared corporate costs and accreditation expenses. The School paid Somerset Academy, Inc. \$41,100 in connection with these charges during the year.

Recoverable Grant

During 2021, the School received a \$145,000 recoverable grant from Somerset Academy, Inc. Repayment of this grant is contingent on the School meeting certain financial conditions. In previous years, the School received additional recoverable grants totaling \$1,074,000. For 2021, management determined that the School did not meet the requirements for repayment under the grant terms. The maximum amount the School may be required to pay in the future should the School meet the requirements for repayment is \$1,219,000.

In previous years, the School received long-term, non-interest bearing advances from Somerset Academy East Preparatory of which \$235,849 were outstanding at June 30, 2021. In addition, during 2021, the School received advances from the corporate account of Somerset Academy, Inc in the amount of \$215,000.

Note 6 – Long-Term Debt

During 2019, the School obtained equipment financing from a financial institution for a total loan balance of \$99,673. The agreement requires 48 monthly principal and interest payments of \$2,248 based on a fixed interest rate of 3.95%. During 2021, this loan was paid off and refinanced with a new loan in the amount of \$72,643. Payments under this new loan have interest of 3.25% through November 2023. As of June 30, 2021 the balance on this new equipment loan was \$59,067.

Note 6 – Long-Term Debt (continued)

The following schedule provides a summary of changes in long-term debt for the year ended June 30, 2021:

	Balance 07/01/20	Advances	Repayments	Balance 06/30/21
Somerset Academy East Preparatory	235,849	\$ -	\$ -	235,849
Somerset Academy Inc. (corporate)	-	215,000	-	215,000
Equipment note payable	-	72,643	(13,576)	59,067
Equipment lease payable	78,200	-	(78,200)	-
Total Long Term Payables	<u>\$ 314,049</u>	<u>\$ 287,643</u>	<u>\$ (91,776)</u>	<u>\$ 509,916</u>

Future maturities under the equipment lease payable are as follows:

Year	Principal	Interest
2022	\$23,882	\$1,564
2023	\$24,668	\$777
2024	\$10,517	\$86
Total	<u>\$59,067</u>	<u>\$2,427</u>

The School’s debt agreements contain various covenants, restrictions and financial test requirements. In the event an instance of default is not remedied, the maturity can be accelerated and/or the underlying collateral may be repossessed.

Note 7 – Commitments, Contingencies and Concentrations

On July 15, 2018, Somerset Academy, Inc. entered into a lease agreement with Riverside School Development, LLC for the use of its 77,000 sq.ft. facility. The landlord is an affiliate of the School’s education service and support provider (see Note 5). This facility is shared with Somerset Academy Riverside Charter Middle School (another charter school under Somerset Academy, Inc.)

Under this agreement, as amended, annual payments through June 30, 2022 shall be \$1,000 per enrolled student subject to a minimum number students each year. Fixed rent commencing July 1, 2022 shall be (based on \$13.40 per square foot) \$1,031,800, adjusted annually by the Consumer Price Index (CPI). The School is responsible for additional property costs including repairs, maintenance and insurance. The agreement continues through June 30, 2038 with two options to renew an additional five years each.

Under the agreement, Somerset Academy, Inc. must meet certain covenants and requirements, including a “Lease Payment Coverage Ratio” of not less than 1.10 to 1.00. Lease payments are to be allocated among the two schools based on enrollment and usage of facility. The allocation used for 2021, was approximately 71% for the School and 29% for Somerset Academy Riverside Charter Middle School. For 2021, rent expense related to this facility totaled \$278,281.

Note 7 – Commitments, Contingencies and Concentrations (continued)

Future minimum payments for the full lease (to be shared with Somerset Academy Riverside Middle) are as follows:

<u>Year</u>	
2022	\$ 550,000
2023	\$ 1,031,800
2024	\$ 1,031,800
2025	\$ 1,031,800
2026	\$ 1,031,800
2027-2031	\$ 5,159,000 (total for five year period)
2032-2036	\$ 5,159,000 (total for five year period)
2037-2038	\$ 2,063,600 (total for two year period)

Contingencies and Concentrations

The School receives substantially all of its funding from the State through the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee up to 5% of the qualifying revenues of the School. For the year ended June 30, 2021, administrative fees withheld by the School District totaled \$92,615.

Note 8– Risk Management

The School is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; administrative errors and omissions; personal injury; workers compensation and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage for the past years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School has entered into a strategic relationship with ADP TotalSource, Inc., a human resource management firm, typically known as “Professional Employer Organization” (PEO). Under a co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

Note 9 – Interfund Transfers

Interfund transfers in governmental funds as of June 30, 2021 consist of the following:

	General Fund	Special Revenue Fund	Non major funds
To fund deficits in the Federal National Lunch program	\$ (40,829)	\$ 40,829	\$ -
To transfer beginning balances, student activities account	(7,895)	7,895	-
To fund GEER federal expenditures for which revenues were not available	(120,172)	120,172	-
To fund debt service	(94,265)	-	94,265
Total Transfers, net	<u>\$ (263,161)</u>	<u>\$ 168,896</u>	<u>\$ 94,265</u>
Due to General Fund from Special Revenue Fund for Title I	<u>\$ 25,197</u>	<u>\$ (25,197)</u>	
Total Due from/(Due to) Funds	<u>\$ 25,197</u>	<u>\$ (25,197)</u>	<u>\$ -</u>

Note 10 – Defined Contribution Retirement Plan

The School’s personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School provides a match of 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$34,463 for the year ended June 30, 2021. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

Note 11 – Restatement

Implementation of GASB 84

As of July 1, 2020, the School implemented GASB Statement No. 84. Fiduciary Activities. This Statement establishes new criteria for identifying fiduciary activities which, when met, require that activities be reported in a fiduciary fund in the basic financial statements. Items previously reported as part of the agency fund classification of the Fiduciary Fund statements were reviewed to evaluate if they met the new custodial funds criteria. The School identified the School’s internal account as non-fiduciary and re-categorized them as assigned in the Special Revenue Fund.

Correction of an error

Effective July 1, 2019, the lease agreement with Riverside School Development, LLC was amended to grant additional enrollment period discounts to the School. This amendment was incorrectly not recorded in the previous year and as a result, the School has restated its beginning fund balances and net position by an increase of \$81,551 to properly reflect such rent discounts as per the amendment.

Somerset Academy Riverside Charter School
(A Charter School under Somerset Academy, Inc.)
Notes to Financial Statements
June 30, 2021

Note 11 – Restatement (continued)

The government-wide net position and fund balances were restated as a result of the implementation of GASB Statement No. 84 and the correction of an error as follows:

	Fiscal Year June 30, 2020 Original	GASB Statement No.84	Correction of an error	Fiscal Year June 30, 2021 (Restated)
Net change in fund balances	\$ (6,866)	\$ -	\$ -	\$ (6,866)
Fund balances (deficit) at beginning	288,591	-	-	288,591
Restatement of beginning fund balances	-	9,076	81,551	90,627
Fund balances (deficit) at the end of year	<u>\$ 281,725</u>	<u>\$ 9,076</u>	<u>\$ 81,551</u>	<u>\$ 372,352</u>
Change in net position	\$ 10,667	\$ -	\$ -	\$ 10,667
Net position (deficit), beginning	123,411	-	-	123,411
Restatement of beginning fund balances	-	9,076	81,551	90,627
Net position (deficit), ending	<u>\$ 134,078</u>	<u>\$ 9,076</u>	<u>\$ 81,551</u>	<u>\$ 224,705</u>

REQUIRED SUPPLEMENTARY INFORMATION

Somerset Academy Riverside Charter School
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2021

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,023,099	\$ 1,941,260	\$ 1,942,034
Charges and other revenue	187,001	194,520	197,402
Total Revenues	<u>2,210,100</u>	<u>2,135,780</u>	<u>2,139,436</u>
EXPENDITURES			
Current:			
Instruction	967,542	950,708	922,405
Student support services	25,112	55,518	54,657
Instructional Staff Training	2,000	2,000	1,158
Board	34,252	20,775	17,595
General Administration	92,170	92,561	91,935
School Administration	279,002	380,763	337,495
Fiscal Services	43,800	41,100	41,100
Central Services	71,200	59,632	59,632
Operation of Plant	451,934	414,080	413,928
Maintenance of Plant	136,000	179,659	173,824
Administrative technology services	13,332	25,428	24,457
Total Current Expenditures	<u>2,116,344</u>	<u>2,222,224</u>	<u>2,138,186</u>
Excess (deficit) of Revenues Over Current Expenditures	<u>93,756</u>	<u>(86,444)</u>	<u>1,250</u>
Capital Outlay	<u>40,500</u>	<u>40,500</u>	<u>39,073</u>
Other Capital Outlay			
Total Capital Outlay and Debt Service Expenditures	<u>40,500</u>	<u>40,500</u>	<u>39,073</u>
Total Expenditures	<u>2,156,844</u>	<u>2,262,724</u>	<u>2,177,259</u>
Excess (Deficit) of Revenues Over Expenditures	53,256	(126,944)	(37,823)
Other financing sources (uses):			
Transfers in (out)	(64,688)	(57,904)	(263,161)
Proceeds from issuance of debt	-	274,067	287,643
Net change in fund balance	(11,432)	89,219	(13,341)
Fund Balance at beginning of year, restated	<u>363,276</u>	<u>363,276</u>	<u>363,276</u>
Fund Balance at end of year	<u>\$ 351,844</u>	<u>\$ 452,495</u>	<u>\$ 349,935</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.

Somerset Academy Riverside Charter School
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2021

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 475,320	\$ 476,540	\$ 357,188
Charges for services	14,150	15,982	16,848
Total Revenues	<u>489,470</u>	<u>492,522</u>	<u>374,036</u>
EXPENDITURES			
Current:			
Instruction	416,885	415,221	414,694
Food services	92,332	91,655	90,006
Community services	21,441	20,050	19,826
Total Current Expenditures	<u>530,658</u>	<u>526,926</u>	<u>524,526</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>(41,188)</u>	<u>(34,404)</u>	<u>(150,490)</u>
Other Capital Outlay	23,500	23,500	22,964
Total Expenditures	<u>554,158</u>	<u>550,426</u>	<u>547,490</u>
Excess (deficit) of Revenues Over Expenditures	(64,688)	(57,904)	(173,454)
Other financing sources (uses)			
Transfers in (out)	<u>64,688</u>	<u>57,904</u>	<u>168,896</u>
Net change in fund balance	-	-	(4,558)
Fund Balance at beginning of year, restated	<u>9,076</u>	<u>9,076</u>	<u>9,076</u>
Fund Balance at end of year	<u>\$ 9,076</u>	<u>\$ 9,076</u>	<u>\$ 4,518</u>

Notes to Budgetary Comparison Schedule

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors.



INDEPENDENT AUDITORS' 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 of
Somerset Academy Riverside Charter School
Coral Springs, Florida

We have audited, 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., the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Somerset Academy Riverside Charter School (the "School"), 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 29, 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 opinion 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 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 over financial reporting 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.

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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 financial statements. 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*.

We issued a separate management letter dated September 29, 2021 pursuant to Chapter 10.850, Rules of the Auditor General.

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 29, 2021



MANAGEMENT LETTER

To the Board of Directors of
Somerset Academy Riverside Charter School
Coral Springs, Florida

Report on the Financial Statements

We have audited the financial statements of Somerset Academy Riverside Charter School, Florida as of and for the fiscal year ended June 30, 2021 and have issued our report thereon dated September 29, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America,; 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 29, 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 findings or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are: Somerset Academy Riverside Charter School (W/L# 5387).

Financial Condition and Management

Section 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 Somerset Academy Riverside Charter 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 Somerset Academy Riverside Charter 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 Somerset Academy Riverside Charter School. It is management's responsibility to monitor Somerset Academy Riverside Charter School' 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 recommendation to improve financial management. In connection with our audit, we did not have 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 Somerset Academy Riverside Charter 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 Somerset Academy Riverside Charter 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 note 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 Florida House of Representatives, the Florida Auditor General, School Board of Broward County, Federal and other granting agencies, the board of directors of Somerset Academy, Inc., and applicable management 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 29, 2021