

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
MIAMI, FLORIDA  
(A CHARTER SCHOOL UNDER TRUE NORTH  
CLASSICAL ACADEMY, INC.)

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

JUNE 30, 2022

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2022**

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

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

**2021-2022**

**BOARD OF DIRECTORS**

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

**SCHOOL ADMINISTRATION**

Ms. Jeanine Finlay, Headmaster



Verdeja • De Armas • Trujillo • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

Manny Alvarez, C.P.A.  
Monique Bustamante, C.P.A.  
Pedro M. De Armas, C.P.A.  
Alejandro M. Trujillo, C.P.A.  
Javier Verdeja, C.P.A.  
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Pedro L. Silva, C.P.A.  
Michael Vildosola, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of True North Classical Academy High School (the "School"), a charter school under True North Classical Academy, Inc., as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of True North Classical Academy High School, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but

is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Required Supplementary Information***

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

## **Other Matters**

As described in Note 1, the accompanying financial statements referred to above present only the financial position of the School as of June 30, 2022, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of True North Classical Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of True North Classical Academy, Inc. as of June 30, 2022 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 7 to the financial statements, during the current fiscal year, the School adopted new accounting guidance, GASB No. 87, *Leases*. Our opinion is not modified with respect to this matter.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated August 30, 2022 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Academy's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 15, 2022

**Management's Discussion and Analysis**  
True North Classical Academy High School  
June 30, 2022

The corporate officers of True North Classical Academy High School (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2022, the third full year of operations.

**FINANCIAL HIGHLIGHTS**

1. During its third year of operations, the School had an increase in its net position of \$232,889 for the year ended June 30, 2022 and reported a positive net position of \$157,366.
2. At year-end, the School had current assets of \$1,430,673.
3. The School's fund balance increased by \$214,516 and its combined fund balance was \$184,733 at June 30, 2022.

*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, 2022 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10 – 11 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.

**Management's Discussion and Analysis**  
True North Classical Academy High School  
June 30, 2022

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.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 12 - 15 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 16 - 24 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2022 and 2021 follows:

| <b>Assets</b>                                         | 2022                | 2021              |
|-------------------------------------------------------|---------------------|-------------------|
| Cash                                                  | \$ 700,043          | \$ 319,879        |
| Due from other agencies                               | 730,630             | 12,795            |
| Capital assets, net                                   | 18,731              | 39,305            |
| Right-to-use assets, net                              | 5,187,510           | -                 |
| Total Assets                                          | <u>\$ 6,636,914</u> | <u>\$ 371,979</u> |
| <br><b>Liabilities and Net Position</b>               |                     |                   |
| Accounts and wages payable and accrued liabilities    | \$ 264,693          | \$ 176,154        |
| Advanced grants                                       | -                   | 71,800            |
| Due to related parties                                | 981,247             | 114,503           |
| Right-to-use liability                                | 5,233,608           | 85,045            |
| Total Liabilities                                     | 6,479,548           | 447,502           |
| <br>Net investment in capital and right-to-use assets | (27,367)            | 39,305            |
| Restricted                                            | -                   | 5,362             |
| Unrestricted                                          | 184,733             | (120,190)         |
| Total Net Position (Deficit)                          | <u>157,366</u>      | <u>(75,523)</u>   |
| <br>Total Liabilities and Net Position                | <u>\$ 6,636,914</u> | <u>\$ 371,979</u> |

**Management's Discussion and Analysis**  
True North Classical Academy High School  
June 30, 2022

At June 30, 2022, the School's total assets were \$6,636,914 and total liabilities were \$6,479,548. At June 30, 2022, the School reported total net position of \$157,366, an improvement of \$232,889 from the prior year deficit. This was the School's third year of operations.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2022 and 2021 follows:

| <b>REVENUES</b>                                        | <u>2022</u>              | <u>2021</u>               |
|--------------------------------------------------------|--------------------------|---------------------------|
| Program Revenues                                       |                          |                           |
| Federal grants                                         | \$ 884,488               | \$ 479,011                |
| Capital outlay funding                                 | 128,883                  | 82,337                    |
| Charges for services and other income                  | 391,678                  | 473,044                   |
| General Revenues                                       |                          |                           |
| FEFP nonspecific revenue                               | 1,752,794                | 1,220,784                 |
| Fundraising and other revenue                          | 79,683                   | 44,969                    |
| Total Revenues                                         | <u>3,237,526</u>         | <u>2,300,145</u>          |
| <br><b>EXPENSES</b>                                    |                          |                           |
| Instruction                                            | 1,406,323                | 1,201,655                 |
| Student and instructional support services             | 275,954                  | 107,222                   |
| Board                                                  | 2,388                    | -                         |
| General administration                                 | 41,665                   | 79,476                    |
| School administration                                  | 55,525                   | 251,022                   |
| Fiscal services                                        | 146,183                  | 5,306                     |
| Food services                                          | 24,661                   | 2,008                     |
| Community services and extracurricular activities      | 531,165                  | 341,003                   |
| Pupil transportation services                          | 1,884                    | -                         |
| Operation of plant                                     | 320,873                  | 275,484                   |
| Administrative technology services                     | 48,869                   | 14,301                    |
| Interest expense                                       | 149,147                  | -                         |
| Total Expenses                                         | <u>3,004,637</u>         | <u>2,277,477</u>          |
| <br>Change in Net Position                             | 232,889                  | 22,668                    |
| <br><b>Net Position (deficit) at Beginning of Year</b> | <u>(75,523)</u>          | <u>(98,191)</u>           |
| <b>Net Position (deficit) at End of Year</b>           | <u><u>\$ 157,366</u></u> | <u><u>\$ (75,523)</u></u> |

The School's total revenues for the year ended June 30, 2022 were \$3,237,526 while its total expenses were \$3,004,637 for a net increase of \$232,889. This was the School's third full year of operations. The School generated a positive change in net position while continuing to invest in curriculum, academic and student programs to ensure future success.

**Management's Discussion and Analysis**  
True North Classical Academy High School  
June 30, 2022

**ACCOMPLISHMENTS**

A True North education seeks for all students to achieve their highest potential through a rigorous, knowledge-rich curriculum that is grounded in the classical liberal arts tradition that holds intellectual and moral virtue as the noblest of aims. Despite the turbulence due to the COVID pandemic, our students achieved at their highest potential. True North received an A grade by the Florida Department of Education, and once again scored at the very highest of the county and Florida and ranked in the top 5% schools in Florida in only our third year.

**SCHOOL LOCATION**

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

**CAPITAL IMPROVEMENT REQUIREMENT**

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

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**GOVERNMENTAL FUNDS**

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental funds had an increase in fund balance of \$214,516 and reported a combined fund balance of \$184,733.

**CAPITAL AND RIGHT-TO-USE ASSETS**

The School's investment in capital and right-to-use assets, as of June 30, 2022, amounts to \$5,206,241 (net of accumulated depreciation and amortization). This investment includes leasehold improvements, furniture, fixtures and equipment, and an intangible right-to-use asset related to facility use.

**Management's Discussion and Analysis**  
True North Classical Academy High School  
June 30, 2022

**GOVERNMENTAL FUND BUDGET ANALYSIS**

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

|                                                   | All Governmental Funds |                   |                   |
|---------------------------------------------------|------------------------|-------------------|-------------------|
|                                                   | Original<br>Budget     | Final Budget      | Actual            |
| <b>REVENUES</b>                                   |                        |                   |                   |
| State passed through local                        | \$ 1,679,338           | \$ 1,752,794      | \$ 1,752,794      |
| State capital outlay funding                      | 125,409                | 128,883           | 128,883           |
| Federal grants                                    | 326,425                | 884,488           | 884,488           |
| Charges and other local revenues                  | 376,209                | 391,678           | 391,678           |
| <b>TOTAL REVENUES</b>                             | <b>2,507,381</b>       | <b>3,157,843</b>  | <b>3,157,843</b>  |
| <b>EXPENDITURES</b>                               |                        |                   |                   |
| Instruction                                       | 1,435,012              | 1,406,323         | 1,406,323         |
| Student and instructional support services        | 159,492                | 275,954           | 275,954           |
| Board                                             | 2,385                  | 2,388             | 2,388             |
| General administration                            | -                      | 41,665            | 41,665            |
| School administration                             | 115,617                | 38,531            | 38,531            |
| Fiscal services                                   | 186,571                | 146,183           | 146,183           |
| Food services                                     | 2,713                  | 24,661            | 24,661            |
| Community services and extracurricular activities | 365,769                | 531,165           | 531,165           |
| Pupil transportation services                     | 1,890                  | 1,884             | 1,884             |
| Operation of plant                                | 308,180                | 217,313           | 217,313           |
| Administrative technology services                | 22,299                 | 48,869            | 48,869            |
| Capital Outlay:                                   |                        |                   |                   |
| Right-of-use (facility)                           | -                      | -                 | 5,287,490         |
| Debt service                                      | 83,028                 | 208,391           | 208,391           |
| <b>TOTAL EXPENDITURES</b>                         | <b>2,682,956</b>       | <b>2,943,327</b>  | <b>8,230,817</b>  |
| Excess of expenditures over revenues              | (175,575)              | 214,516           | (5,072,974)       |
| Other financing sources                           | -                      | -                 | 5,287,490         |
| <b>Net change in fund balance</b>                 | <b>\$ (175,575)</b>    | <b>\$ 214,516</b> | <b>\$ 214,516</b> |

The School's initial budget did not reflect awards under the CARES Act that were allocated and available to the School towards the end of the year for expenses already incurred during 2021-2022.

**REQUESTS FOR INFORMATION**

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Mr. Luis Diaz located at 4627 Ponce de Leon Blvd., Coral Gables, FL 33146.

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

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|                                                    | Governmental<br>Activities |
|----------------------------------------------------|----------------------------|
|                                                    |                            |
| <b>ASSETS</b>                                      |                            |
| CURRENT ASSETS                                     |                            |
| Cash and cash equivalents                          | \$ 700,043                 |
| Due from other agencies                            | 730,630                    |
| TOTAL CURRENT ASSETS                               | <u>1,430,673</u>           |
| CAPITAL ASSETS                                     |                            |
| Leasehold improvements                             | 17,900                     |
| Less accumulated depreciation                      | (3,580)                    |
| Furniture and equipment                            | 52,160                     |
| Less accumulated depreciation                      | <u>(47,749)</u>            |
| Total capital assets, net                          | <u>18,731</u>              |
| Right-to-use assets, net                           | <u>5,187,510</u>           |
| TOTAL ASSETS                                       | <u><u>\$ 6,636,914</u></u> |
|                                                    |                            |
| <b>LIABILITIES AND NET POSITION</b>                |                            |
| LIABILITIES                                        |                            |
| Accounts and wages payable and accrued liabilities | \$ 264,693                 |
| Due to related parties                             | 981,247                    |
| Right-to-use liability - current portion           | <u>51,602</u>              |
| TOTAL CURRENT LIABILITIES                          | 1,297,542                  |
| Right-to-use liability - long-term portion         | <u>5,182,006</u>           |
| TOTAL LIABILITIES                                  | 6,479,548                  |
| NET POSITION                                       |                            |
| Invested in capital assets, net of related debt    | (27,367)                   |
| Unrestricted                                       | <u>184,733</u>             |
| TOTAL NET POSITION                                 | <u>157,366</u>             |
|                                                    |                            |
| TOTAL LIABILITIES AND NET POSITION                 | <u><u>\$ 6,636,914</u></u> |

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

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

| Functions                                         | Expenses            | Program Revenues        |                                          |                                        | Net (Expense)<br>Revenue<br>and Changes<br>in Net Assets |
|---------------------------------------------------|---------------------|-------------------------|------------------------------------------|----------------------------------------|----------------------------------------------------------|
|                                                   |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                                                          |
| <b>Governmental Activities:</b>                   |                     |                         |                                          |                                        |                                                          |
| Instruction                                       | \$ 1,406,323        | \$ -                    | \$ 815,904                               | \$ -                                   | \$ (590,419)                                             |
| Student and instructional support services        | 275,954             | -                       | 35,490                                   | -                                      | (240,464)                                                |
| Board                                             | 2,388               | -                       | -                                        | -                                      | (2,388)                                                  |
| General administration                            | 41,665              | -                       | -                                        | -                                      | (41,665)                                                 |
| School administration                             | 55,525              | -                       | -                                        | -                                      | (55,525)                                                 |
| Fiscal services                                   | 146,183             | -                       | -                                        | -                                      | (146,183)                                                |
| Food services                                     | 24,661              | 26,569                  | 13,094                                   | -                                      | 15,002                                                   |
| Community services and extracurricular activities | 531,165             | 261,130                 | -                                        | -                                      | (270,035)                                                |
| Pupil transportation services                     | 1,884               | -                       | -                                        | -                                      | (1,884)                                                  |
| Operation of plant                                | 320,873             | -                       | 20,000                                   | 128,883                                | (171,990)                                                |
| Administrative technology services                | 48,869              | -                       | -                                        | -                                      | (48,869)                                                 |
| Interest expense                                  | 149,147             | -                       | -                                        | -                                      | (149,147)                                                |
| <b>Total Governmental Activities</b>              | <b>\$ 3,004,637</b> | <b>\$ 287,699</b>       | <b>\$ 884,488</b>                        | <b>\$ 128,883</b>                      | <b>\$ (1,703,567)</b>                                    |

**GENERAL REVENUES:**

|                                                       |           |
|-------------------------------------------------------|-----------|
| Government grants not restricted to specific programs | 1,752,794 |
| Gain on Paycheck Protection Program loan forgiveness  | 79,683    |
| Other revenues                                        | 103,979   |
| Total general revenues                                | 1,936,456 |

Change in Net Position 232,889

NET POSITION (DEFICIT) - BEGINNING (75,523)

NET POSITION - ENDING \$ 157,366

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

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

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|                                                    | General Fund        | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|----------------------------------------------------|---------------------|----------------------|-----------------------|--------------------------|
| <b>ASSETS</b>                                      |                     |                      |                       |                          |
| Cash and cash equivalents                          | \$ 700,043          | \$ -                 | \$ -                  | \$ 700,043               |
| Due from other agencies                            | -                   | 715,425              | 15,205                | 730,630                  |
| Due from fund                                      | 730,630             |                      |                       | 730,630                  |
| <b>TOTAL ASSETS</b>                                | <b>\$ 1,430,673</b> | <b>\$ 715,425</b>    | <b>\$ 15,205</b>      | <b>\$ 2,161,303</b>      |
| <b>LIABILITIES AND FUND BALANCE</b>                |                     |                      |                       |                          |
| <b>LIABILITIES</b>                                 |                     |                      |                       |                          |
| Accounts and wages payable and accrued liabilities | \$ 264,693          | \$ -                 | \$ -                  | \$ 264,693               |
| Due to related parties, net                        | 981,247             | -                    | -                     | 981,247                  |
| Due to fund                                        |                     | 715,425              | 15,205                | 730,630                  |
| <b>TOTAL LIABILITIES</b>                           | <b>\$ 1,245,940</b> | <b>\$ 715,425</b>    | <b>\$ 15,205</b>      | <b>\$ 1,976,570</b>      |
| <b>FUND BALANCE</b>                                |                     |                      |                       |                          |
| Unassigned                                         | 184,733             | -                    | -                     | 184,733                  |
| <b>TOTAL FUND BALANCE</b>                          | <b>\$ 184,733</b>   | <b>\$ -</b>          | <b>\$ -</b>           | <b>\$ 184,733</b>        |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b>          | <b>\$ 1,430,673</b> | <b>\$ 715,425</b>    | <b>\$ 15,205</b>      | <b>\$ 2,161,303</b>      |

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

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION**  
**JUNE 30, 2022**

---

|                                         |            |
|-----------------------------------------|------------|
| Total Fund Balance - Governmental Funds | \$ 184,733 |
|-----------------------------------------|------------|

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

Capital assets net of accumulated depreciation used in  
governmental activities are not financial resources and,  
therefore, are not reported in the fund.

|                          |          |
|--------------------------|----------|
| Capital assets           | 70,060   |
| Accumulated depreciation | (51,329) |

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

|                        |             |
|------------------------|-------------|
| Right-to-use asset     | 5,187,510   |
| Right-to-use liability | (5,233,608) |

|                                              |                   |
|----------------------------------------------|-------------------|
| Total Net Position - Governmental Activities | <u>\$ 157,366</u> |
|----------------------------------------------|-------------------|

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

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|                                                   | General Funds     | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|---------------------------------------------------|-------------------|----------------------|-----------------------|--------------------------|
| <b>REVENUES</b>                                   |                   |                      |                       |                          |
| State passed through local                        | \$ 1,752,794      | \$ -                 | \$ -                  | \$ 1,752,794             |
| State capital outlay funding                      | -                 | -                    | 128,883               | 128,883                  |
| Federal grants                                    | -                 | 884,488              | -                     | 884,488                  |
| Charges and other local revenues                  | -                 | 391,678              | -                     | 391,678                  |
| <b>TOTAL REVENUES</b>                             | <b>1,752,794</b>  | <b>1,276,166</b>     | <b>128,883</b>        | <b>3,157,843</b>         |
| <b>EXPENDITURES</b>                               |                   |                      |                       |                          |
| Current:                                          |                   |                      |                       |                          |
| Instruction                                       | 590,419           | 815,904              | -                     | 1,406,323                |
| Student and instructional support services        | 240,464           | 35,490               | -                     | 275,954                  |
| Board                                             | 2,388             | -                    | -                     | 2,388                    |
| General administration                            | 41,665            | -                    | -                     | 41,665                   |
| School administration                             | 38,531            | -                    | -                     | 38,531                   |
| Fiscal services                                   | 146,183           | -                    | -                     | 146,183                  |
| Food services                                     | -                 | 24,661               | -                     | 24,661                   |
| Community services and extracurricular activities | -                 | 531,165              | -                     | 531,165                  |
| Pupil transportation services                     | 1,884             | -                    | -                     | 1,884                    |
| Operation of plant                                | 197,313           | 20,000               | -                     | 217,313                  |
| Administrative technology services                | 48,869            | -                    | -                     | 48,869                   |
| Capital Outlay:                                   |                   |                      |                       |                          |
| Right-of-use (facility)                           | -                 | -                    | 5,287,490             | 5,287,490                |
| Debt Service:                                     |                   |                      |                       |                          |
| Redemption of principal                           | 5,362             | -                    | 53,882                | 59,244                   |
| Interest                                          | 74,146            | -                    | 75,001                | 149,147                  |
| <b>TOTAL EXPENDITURES</b>                         | <b>1,387,224</b>  | <b>1,427,220</b>     | <b>5,416,373</b>      | <b>8,230,817</b>         |
| Excess of revenues over (under) expenditures      | 365,570           | (151,054)            | (5,287,490)           | (5,072,974)              |
| <b>OTHER FINANCING SOURCES</b>                    |                   |                      |                       |                          |
| Transfers (out) in                                | (145,692)         | 145,692              | -                     | -                        |
| Increase in right-of-use liability                | -                 | -                    | 5,287,490             | 5,287,490                |
| <b>Total other financing sources</b>              | <b>(145,692)</b>  | <b>145,692</b>       | <b>5,287,490</b>      | <b>5,287,490</b>         |
| <b>NET CHANGE IN FUND BALANCE</b>                 | <b>219,878</b>    | <b>(5,362)</b>       | <b>-</b>              | <b>214,516</b>           |
| Fund deficit at beginning of year                 | (35,145)          | 5,362                | -                     | (29,783)                 |
| Fund balance at end of year                       | <u>\$ 184,733</u> | <u>\$ -</u>          | <u>\$ -</u>           | <u>\$ 184,733</u>        |

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

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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|                                             |            |
|---------------------------------------------|------------|
| Change in Fund Balance - Governmental Funds | \$ 214,516 |
|---------------------------------------------|------------|

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.

|                      |          |
|----------------------|----------|
| Depreciation expense | (20,574) |
|----------------------|----------|

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

|                         |        |
|-------------------------|--------|
| Redemption of principal | 59,244 |
| Forgiveness of debt     | 79,683 |

In the statement of activities, amortization of the right-to-use asset is reported as an expense over the estimated life of the lease, however, in the governmental funds report it is not included as an expense

|                                    |          |
|------------------------------------|----------|
| Amortization of right-to-use asset | (99,980) |
|------------------------------------|----------|

|                                                   |                   |
|---------------------------------------------------|-------------------|
| Change in Net Position of Governmental Activities | <u>\$ 232,889</u> |
|---------------------------------------------------|-------------------|

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

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

True North Classical Academy High School, (the “School”) is a charter school sponsored by the School Board of Miami-Dade County, Florida (the “District”). The School’s charter is held by True North Classical Academy, Inc. (the “Organization”), a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Board of Directors, which is comprised of four members.

The basic financial statements of the School present only the balances, activity, and disclosures related to the School. The basic financial statements do not purport to, and do not, present fairly the financial position of the Organization as of June 30, 2022, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida. The current charter is effective until June 30, 2024. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed for up to an additional 5 years by mutual agreement.

These financial statements are for the year ended June 30, 2022 when approximately 240 students were enrolled in the 9<sup>th</sup> and 10<sup>th</sup> grade.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions that fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Financial Statements*

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

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

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects, such as federal funding, federal lunch program, and COVID-19 emergency relief funding. Also, monies collected in connection with school, student athletics, class and club activities and organizations (school internal accounts) are reported in this fund.

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

**Budgetary Basis Accounting**

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

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

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

Due from Other Agencies

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

Advanced Grants

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

Capital Assets, Depreciation and Amortization

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

|                                 |         |
|---------------------------------|---------|
| Furniture and equipment         | 5 Years |
| Computer equipment and software | 7 Years |
| Leasehold improvements          | 5 Years |

Compensated Absences

All full time employees are eligible for paid time off (PTO). Temporary and part-time employees are not eligible. PTO accumulates in relationship to all regular hours actually worked. Salaried employees will be granted PTO within the contract/agreement with the organization. If an employee uses all PTO allotted to them, any additional sick days will be without pay. GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated days available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-wide Fund Net Position

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

- Net investment in capital and right-to-use assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. Also, includes right-to-use assets, net of amortization, reduced by the right-to-use liability. The net investment in capital assets for the year ending June 30, 2022, was (\$27,367)
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments less related liabilities and deferred inflows of resources. There was no restricted net position at June 30, 2022.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

Governmental Fund Balances

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2022, there was no nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2022, there was no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. At June 30, 2022, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2022, there was no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First, Non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2022, there are no minimum fund balance requirements for any of the School's funds.

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Sources

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

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

Income Taxes

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

Use of Estimates

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

Pronouncements Issued But Not Yet Effective

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The School is currently evaluating the effect that the implementation of the standard will have on its financial statements.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 15, 2022, which is the date the financial statements were available to be issued.

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 3 – CAPITAL AND RIGHT-TO-USE ASSETS**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2022:

|                                | Balance<br>July 1, 2021 | Additions          | Deletions   | Balance<br>June 30, 2022 |
|--------------------------------|-------------------------|--------------------|-------------|--------------------------|
| Capital Assets                 |                         |                    |             |                          |
| Leasehold improvements         | \$ 17,900               | \$ -               | \$ -        | \$ 17,900                |
| Furniture and equipment        | 52,160                  | -                  | -           | 52,160                   |
| Total Capital Assets           | <u>\$ 70,060</u>        | <u>\$ -</u>        | <u>\$ -</u> | <u>\$ 70,060</u>         |
| Less Accumulated Depreciation  |                         |                    |             |                          |
| Leasehold improvements         | \$ -                    | \$ (3,580)         | \$ -        | \$ (3,580)               |
| Furniture and equipment        | (30,755)                | (16,994)           | -           | (47,749)                 |
| Total Accumulated Depreciation | <u>\$ (30,755)</u>      | <u>\$ (20,574)</u> | <u>\$ -</u> | <u>\$ (51,329)</u>       |
| Capital Assets, net            | <u>\$ 39,305</u>        | <u>\$ (20,574)</u> | <u>\$ -</u> | <u>\$ 18,731</u>         |

Depreciation expense for the year ended June 30, 2022, was \$20,574, of which \$16,994 was allocated to school administration and \$3,580 was allocated to operation of plant.

The following schedule provides changes in right-to-use assets (see Note 7):

|                                | Balance<br>July 1, 2021 | Additions           | Deletions   | Balance<br>June 30, 2022 |
|--------------------------------|-------------------------|---------------------|-------------|--------------------------|
| Right-to-use assets            |                         |                     |             |                          |
| Right-to-use asset- Facilities | \$ -                    | \$ 5,287,490        | \$ -        | \$ 5,287,490             |
| Total Right-to-use assets      | <u>\$ -</u>             | <u>\$ 5,287,490</u> | <u>\$ -</u> | <u>\$ 5,287,490</u>      |
| Less accumulated amortization  |                         |                     |             |                          |
| Right-to-use asset- Facilities | -                       | (99,980)            | -           | (99,980)                 |
| Total accumulated amortization | <u>-</u>                | <u>(99,980)</u>     | <u>-</u>    | <u>(99,980)</u>          |
| Right-to-use assets, net       | <u>\$ -</u>             | <u>\$ 5,187,510</u> | <u>\$ -</u> | <u>\$ 5,187,510</u>      |

Amortization expense for the year ended June 30, 2022 was \$99,980, which was allocated to operation of plant.

**NOTE 4 – DUE FROM OTHER AGENCIES**

Amounts due from other agencies included in the accompanying statement of net position and balance sheet – governmental funds mainly consist of amounts due from the District under the Elementary and Secondary School Emergency Relief fund (“ESSER”), which total \$710,720. These receivables are considered fully collectible and as such, no allowance for uncollectible accounts is recorded.

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 5 – TRANSACTIONS WITH RELATED PARTIES**

The Organization operates three other charter schools: True North Classical Academy, True North Classical Academy Dadeland, and True North Classical Academy Gateway. During 2021, the School shared its facility with True North Classical Academy (see Note 7). Through the Board, management allocates a proportionate share of certain administrative salaries, leases, lunch receipts, food and other expenses based on student enrollment and usage of facilities. In addition, the student activities account related to student athletics of the School and True North Classical Academy is recorded on the School's books and activity is allocated accordingly. The Organization and its other charter schools also advance and repay amounts to the School and vice versa.

The Organization charges its affiliate schools an assessment fee of \$500 per student for fiscal and administrative services. During the year ended June 30, 2022, the School was charged \$119,466 in connection with these services, which is included in fiscal services. In addition, the Organization charges rent to the School for a portion of the facilities (see Note 7).

The School receives supporting advances or contributions from a related not-for-profit organization, True North Classical Academies Foundation, Inc., (the "True North Foundation"). During the year ended June 30, 2022, the School received a short-term advance of \$42,825, which is included in due to related parties and was paid back by the School subsequent to year-end.

Amounts due (to) from related parties at June 30, 2022 are as follows:

|                                               |                     |
|-----------------------------------------------|---------------------|
| True North Classical Academy, Inc.            | \$ (485,683)        |
| True North Classical Academy                  | (471,255)           |
| True North Classical Academy Foundation, Inc. | (42,825)            |
| True North Classical Academy Dadeland         | 18,113              |
| True North Classical Academy Gateway          | 403                 |
| Total due to related parties, net             | <u>\$ (981,247)</u> |

**NOTE 6 – LOAN PAYABLE**

The School, through the Organization, was allocated loan proceeds of \$85,045 through the Paycheck Protection Program ("PPP"). The loan, which was in the form of a note matures in April 2022 and bears an interest rate of 1% per annum. Proceeds are to be used for payroll, rent, utilities, and interest expense. The loan and accrued interest are forgivable in whole or in part if used for the qualifying purposes noted above. The Organization applied for forgiveness for a portion of the loan, which was forgiven during the year ended June 30, 2022. Accordingly, the forgiveness of the School's portion of the loan is recorded as a gain of \$79,683 in the statement of activities in the fiscal year end June 30, 2022. The remaining balance owed of \$5,362 was paid in full during the year ended June 30, 2022.

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

Facility Leases

In 2018, the Organization entered into an agreement with Sunset Chapel, Inc. to lease educational facilities through June 30, 2059. The agreement requires monthly lease payments equal to \$800 per student up to 362 students, plus a fee of \$250 per student above 362 students during years 26 through 40. The lease has a minimum annual rent guarantee of \$289,600 throughout the entire term of the lease. This facility is shared with True North Classical Academy (a separate charter school under True North Classical Academy, Inc.). Payments for the lease agreement are allocated between the schools based on enrollment and usage of the facility. The allocation used for the year ended June 30, 2022 was approximately 31% for the School and 69% for True North Classical Academy. During the year ended June 30, 2022, the amount paid by the School for the use of the facilities was approximately \$120,000.

In accordance with the lease agreement, the Organization funded the construction of additional facilities and improvements to existing facilities on the leased property, which allowed the School to expand and utilize additional space during the year ended June 30, 2022. The additional facilities are also shared with True North Classical Academy. Commencing January 2022, the School shall pay monthly rent of \$19,916 to the Organization for use of the additional facilities, which is 15% of the Organization's debt service obligations under financing arrangements undertaken to fund the expansion. The percentage is based upon the School's usage of the additional facilities. Monthly rent shall be paid through December 1, 2030, the date in which the financing obligations mature, at which point the School will continue to pay rent to the Organization for continued use of the additional facilities through the end of the lease term with Sunset Chapel, Inc., June 30, 2059.

On July 1, 2021, the School implemented GASB No. 87 *Leases* and as a result, has recorded a right-to-use asset and liability in these financial statements for the facilities. The School used an interest rate of 4.5% based on the average incremental borrowing rate of the Organization to discount the annual lease payments and recognize the intangible right to use asset and the lease liability as of July 1, 2021 for the original facilities and as of the commencement date for the additional facilities. During the year ended June 30, 2022, the interest expense related to the right to use liability was \$149,147 and the amortization expense of the right to use assets was \$99,980.

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

| Fiscal Year Ended | Principal          | Interest            | Total                |                           |
|-------------------|--------------------|---------------------|----------------------|---------------------------|
| 2023              | \$ 51,602          | \$ 234,455          | \$ 286,057           |                           |
| 2024              | 53,972             | 232,085             | 286,057              |                           |
| 2025              | 56,452             | 229,605             | 286,057              |                           |
| 2026              | 60,736             | 225,321             | 286,057              |                           |
| 2027              | 61,758             | 224,299             | 286,057              |                           |
| 2028-2032         | 357,919            | 1,075,993           | 1,433,912            | (Total for 5 Year Period) |
| 2033-2037         | 450,930            | 985,400             | 1,436,330            | (Total for 5 Year Period) |
| 2038-2042         | 564,473            | 871,857             | 1,436,330            | (Total for 5 Year Period) |
| 2043-2047         | 760,861            | 726,247             | 1,487,108            | (Total for 5 Year Period) |
| 2048-2052         | 992,895            | 528,065             | 1,520,960            | (Total for 5 Year Period) |
| 2053-2057         | 1,242,902          | 278,058             | 1,520,960            | (Total for 5 Year Period) |
| 2058-2059         | 579,108            | 27,614              | 606,722              | (Total for 2 Year Period) |
|                   | <u>\$5,233,608</u> | <u>\$ 5,638,999</u> | <u>\$ 10,872,607</u> |                           |

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)**

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

|                         | Balance at<br>July 1, 2021 | Additions           | Reductions         | Balance at<br>June 30, 2022 |
|-------------------------|----------------------------|---------------------|--------------------|-----------------------------|
| Right-to-use- Liability | \$ -                       | \$ 5,287,490        | \$ (53,882)        | \$ 5,233,608                |
|                         | <u>\$ -</u>                | <u>\$ 5,287,490</u> | <u>\$ (53,882)</u> | <u>\$ 5,233,608</u>         |

**NOTE 8 – INTERFUND TRANSFERS**

Interfund 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. Interfund transfers in governmental funds as of June 30, 2022 consist of the following:

|                                                                           | General Fund        | Special<br>Revenue Fund | Capital<br>Projects Fund |
|---------------------------------------------------------------------------|---------------------|-------------------------|--------------------------|
| Due to General Fund from Special Revenue Fund for COVID-19 (ESSER) Grants | \$ 715,425          | \$ (715,425)            | \$ -                     |
| Due to General Fund from Capital Projects Fund for Capital Outlay         | 15,205              | -                       | (15,205)                 |
| Total Due from/(Due to) Funds                                             | <u>\$ 730,630</u>   | <u>\$ (715,425)</u>     | <u>\$ (15,205)</u>       |
| <br>To reimburse the General Fund for payment of PPP loan not forgiven    | <br>\$ 5,362        | <br>\$ (5,362)          | <br>\$ -                 |
| To reimburse the Special Revenue Fund for the School's internal accounts  | (151,054)           | 151,054                 | -                        |
| Total transfers, net                                                      | <u>\$ (145,692)</u> | <u>\$ 145,692</u>       | <u>\$ -</u>              |

**NOTE 8 – DEPOSITS POLICY AND CREDIT RISK**

Cash and cash equivalents are maintained in two financial institutions. It is the School’s policy to maintain its cash and cash equivalents in major banks and in high-grade investments. As of June 30, 2022, the bank balance of the School’s cash deposit accounts was \$701,233. The School is a charter school under the Organization, which also operates two other charter schools. All bank accounts are opened under the account ownership of the Organization, therefore, bank balances at times may potentially be in excess of Federal Depository Insurance Corporation (FDIC) coverage. As of June 30, 2022, bank balances of the School in potential excess of FDIC coverage was \$701,233.

**NOTE 9 – GRANTS**

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

**NOTE 10 – RISK MANAGEMENT**

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

## REQUIRED SUPPLEMENTAL INFORMATION

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET**  
**AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|                                                       | General Fund    |              |              |
|-------------------------------------------------------|-----------------|--------------|--------------|
|                                                       | Original Budget | Final Budget | Actual       |
| REVENUES                                              |                 |              |              |
| State passed through local                            | \$ 1,679,338    | \$ 1,752,794 | \$ 1,752,794 |
| TOTAL REVENUES                                        | 1,679,338       | 1,752,794    | 1,752,794    |
| EXPENDITURES                                          |                 |              |              |
| Instruction                                           | 1,108,587       | 590,419      | 590,419      |
| Student and instructional support services            | 159,492         | 240,464      | 240,464      |
| Board                                                 | 2,385           | 2,388        | 2,388        |
| General administration                                | -               | 41,665       | 41,665       |
| School administration                                 | 115,617         | 38,531       | 38,531       |
| Fiscal services                                       | 186,571         | 146,183      | 146,183      |
| Pupil transportation services                         | 1,890           | 1,884        | 1,884        |
| Operation of plant                                    | 182,771         | 197,313      | 197,313      |
| Administrative technology services                    | 22,299          | 48,869       | 48,869       |
| Debt service                                          | 83,028          | 79,508       | 79,508       |
| TOTAL EXPENDITURES                                    | 1,862,640       | 1,387,224    | 1,387,224    |
| Change in fund balance before other financing sources | (183,302)       | 365,570      | 365,570      |
| Transfer out                                          | -               | (145,692)    | (145,692)    |
| Net change in fund balance                            | \$ (183,302)    | \$ 219,878   | \$ 219,878   |

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET**  
**AND ACTUAL – SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

|                                                       | Special Revenue Fund |              |            |
|-------------------------------------------------------|----------------------|--------------|------------|
|                                                       | Original Budget      | Final Budget | Actual     |
| REVENUES                                              |                      |              |            |
| Federal grants                                        | \$ 326,425           | \$ 884,488   | \$ 884,488 |
| Charges and other local revenues                      | 376,209              | 391,678      | 391,678    |
| TOTAL REVENUES                                        | 702,634              | 1,276,166    | 1,276,166  |
| EXPENDITURES                                          |                      |              |            |
| Instruction                                           | 326,425              | 815,904      | 815,904    |
| Student and instructional support services            | -                    | 35,490       | 35,490     |
| Food services                                         | 2,713                | 24,661       | 24,661     |
| Community services and extracurricular activities     | 365,769              | 531,165      | 531,165    |
| Operation of plant                                    | -                    | 20,000       | 20,000     |
| TOTAL EXPENDITURES                                    | 694,907              | 1,427,220    | 1,427,220  |
| Change in fund balance before other financing sources | 7,727                | (151,054)    | (151,054)  |
| Transfer in                                           | -                    | 145,692      | 145,692    |
| Net change in fund balance                            | \$ 7,727             | \$ (5,362)   | \$ (5,362) |

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY HIGH SCHOOL  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE A – BUDGETARY INFORMATION**

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2022, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).



Verdeja • De Armas • Trujillo • Alvarez

Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

Manny Alvarez, C.P.A.  
Monique Bustamante, C.P.A.  
Pedro M. De Armas, C.P.A.  
Alejandro M. Trujillo, C.P.A.  
Javier Verdeja, C.P.A.  
Octavio A. Verdeja, C.P.A.  
Tab Verdeja, C.P.A.

Armando Aburto, C.P.A.  
Jorge Albeirus, C.P.A.  
Lisset I. Cascudo, C.P.A.  
Claudia Estrada, C.P.A.  
Cristy C. Rubio, C.P.A.  
Pedro L. Silva, C.P.A.  
Michael Vildosola, C.P.A.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of True North Classical Academy High School (the "School"), as of and for the year ended June 30, 2022, 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, 2022.

### Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 15, 2022



## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of True North Classical Academy High School (the "School"), a non-major component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2022 and have issued our report thereon dated September 15, 2022.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

### Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the School code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code of the entity is True North Classical Academy High School, 137039.

**Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied, in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2022 is not deteriorating.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we do 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 the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

**Additional Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 15, 2022