



Somerset Academy Elementary Eagle Campus

W/L# 1251

(A charter school under Somerset Academy, Inc.)

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

Jacksonville, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2025

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Somerset Academy Elementary Eagle Campus
(A charter school under Somerset Academy, Inc.)
W/L# 1251

2100 Dunn Ave.
Jacksonville, Florida 32218

2024-2025

BOARD OF DIRECTORS

Todd German, Board Chair and Treasurer (Florida)
Ana Mendez, Vice-Chair and Secretary
David Concepcion, Director
Brian M. Cox, Director (Texas)
Taylor Smith, Director

SCHOOL ADMINISTRATION

Tunji Williams, Principal

OTHER NON-VOTING CORPORATE OFFICERS

Bernardo Montero, President
Suzette Ruiz, Vice President



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Somerset Academy Elementary Eagle Campus
Jacksonville, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Somerset Academy Elementary Eagle Campus (the “School”), a charter school under Somerset Academy, Inc. and a component unit of the School Board of Duval County, as of, and for the year ended June 30, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Somerset Academy Elementary Eagle Campus as of June 30, 2025, 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Somerset Academy, Inc. 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 Somerset Academy Elementary Eagle Campus’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.

Auditors' 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 and *Government 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 and *Government 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.

Emphasis of a Matter – Presentation

As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of Somerset Academy Elementary Eagle Campus that is attributable to the transactions of the School and is not intended to be a complete presentation of Somerset Academy, Inc. These financial statements do not purport to, and do not, present fairly the financial position of Somerset Academy, Inc. as of June 30, 2025 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of a Matter – Change in Accounting Principle

As described in Note 12 to the financial statements, on July 1, 2024, the School adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 on pages 5 through 9 and 30 to 31 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2025

Management’s Discussion and Analysis
Somerset Academy Elementary Eagle Campus
(A charter school under Somerset Academy, Inc.)
June 30, 2025

The corporate officers of Somerset Academy, Inc. have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2025.

Financial Highlights

1. The net position of the School as of June 30, 2025 was \$766,993.
2. At year-end, the School had current assets on hand of \$1,551,062.
3. The School had an increase in its net position of \$113,700 for the year ended June 30, 2025.
4. The unassigned fund balance at year end was \$194,875.

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, 2025 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

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

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

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

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for the general fund 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 16-29 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, net position was \$766,993 at the close of the fiscal year. A summary of the School's net position as of June 30, 2025 and 2024 is as follows:

	2025	(As restated) 2024
Cash	\$ 49,840	\$ 86,611
Investments	1,320,000	1,487,000
Due from other agencies	111,742	112,722
Prepaid expenses and other assets	69,480	35,467
Capital and right-of-use assets, net	1,931,794	3,226,659
Total Assets	3,482,856	4,948,459
Deferred outflows of resources	-	-
Accounts payable and accrued liabilities	80,039	89,836
Due to other divisions of Somerset Academy, Inc.	500,000	650,000
Compensated absences	42,551	37,071
Lease liability	2,093,273	3,518,259
Total Liabilities	2,715,863	4,295,166
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	(161,479)	(291,600)
Restricted	704,605	246,857
Unrestricted	223,867	698,036
Total Net Position	\$ 766,993	\$ 653,293

At the end of both fiscal years, the School is able to report positive balances in its net position.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2025 and 2024 follows:

	<i>(As restated)</i>	
REVENUES	<u>2025</u>	<u>2024</u>
Program Revenues		
Operating grants and contributions	\$ 716,722	\$ 1,392,651
Capital grants and contributions	676,850	527,033
Charges for Services	50,865	29,796
General Revenues		
State and local sources	2,950,367	3,279,338
Other Revenues	288,914	84,946
Total Revenues	<u>\$ 4,683,718</u>	<u>\$ 5,313,764</u>
EXPENSES		
Instruction	\$ 1,840,290	\$ 1,911,607
Student support services	48,522	-
Instructional staff training	58,799	12,383
Board	25,710	21,427
School administration	601,180	636,543
Fiscal services	55,971	57,950
Food services	245,538	266,139
Central services	61,398	75,626
Student transportation services	62,227	45,672
Operation of plant	477,951	452,402
Maintenance of plant	129,622	116,490
Administrative technology services	26,029	29,008
Community Services	29,621	16,428
Debt service	907,160	1,171,485
Total Expenses	<u>4,570,018</u>	<u>4,813,160</u>
Change in Net Position	113,700	500,604
Net Position at Beginning of Year	653,293	152,689
Net Position at End of Year	<u>\$ 766,993</u>	<u>\$ 653,293</u>

The School's revenues and expenses decreased by \$630,046 and \$243,142, respectively. The School had a change in its net position of \$113,700.

School Location and Lease of Facility

The School leased facilities located at 2100 Dunn Avenue Jacksonville, Florida 32218.

Capital Improvement Requirements

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. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$264,355. The fund balance unassigned and available for spending at the School's discretion is \$194,875. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets (including right of use lease assets) as of June 30, 2025 amounts to \$1,931,794 (net of accumulated depreciation and amortization). This investment in capital assets includes improvements and furniture, fixtures, and equipment. As of June 30, 2025, the School had \$2,093,273 in long-term liabilities associated to its capital assets.

The lease asset is amortized using the straight-line method over the term of the lease and the lease liability amortizes based on the effective interest method resulting in a higher liability and expense during the early years of the lease.

Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
Capital grants and contributions	\$ 326,370	\$ 646,850	\$ 676,850
Federal sources	556,425	684,434	716,722
Charges and other revenues	77,000	45,454	50,865
General Revenues			
State and local sources	3,354,937	2,939,845	2,950,367
Charges and other revenues	185,633	66,410	78,586
Total Revenues	<u>4,500,365</u>	<u>4,382,993</u>	<u>4,473,390</u>
CURRENT EXPENDITURES			
Component Unit Activities:			
Instruction	2,038,824	2,041,545	1,808,660
Student support services	83,800	76,124	48,522
Instructional staff training	39,000	69,898	58,799
Board	46,025	37,092	25,710
School administration	747,751	603,787	598,568
Fiscal services	68,083	55,971	55,971
Food services	311,355	252,246	242,881
Central services	95,083	64,142	61,398
Student transportation services	58,000	62,300	62,227
Operation of plant	313,909	410,077	337,682
Maintenance of plant	162,000	135,800	129,622
Administrative technology services	34,426	28,297	26,029
Community Services	50,000	40,000	29,621
Total Current Expenditures	<u>\$ 4,048,256</u>	<u>\$ 3,877,279</u>	<u>\$ 3,485,690</u>

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

Requests for Information

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

Somerset Academy Elementary Eagle Campus
(A charter school under Somerset Academy, Inc.)

Statement of Net Position
June 30, 2025

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash	\$ 49,840
Investments	1,320,000
Due from other agencies	111,742
Prepaid expenses and other assets	69,480
Total Current Assets	<u>1,551,062</u>
Capital assets, net:	
Capital assets, depreciable	209,469
Less: accumulated depreciation	(170,385)
Right-of-use lease asset	2,651,560
Less: accumulated amortization	(758,850)
Total capital assets, net	<u>1,931,794</u>
Total Assets	<u>3,482,856</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	79,978
Accounts payable	61
Compensated absences, current	25,531
Due to Somerset Academy, Inc.	500,000
Lease liability, current	96,162
Total Current Liabilities	<u>701,732</u>
Compensated absences	17,020
Lease liability	1,997,111
Total Liabilities	<u>2,715,863</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	
Net investment in capital assets	(161,479)
Restricted	704,605
Unrestricted	223,867
Total Net Position	<u>\$ 766,993</u>

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

Somerset Academy Elementary Eagle Campus
(A charter school under Somerset Academy, Inc.)

Statement of Activities
For the year ended June 30, 2025

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 1,840,290	\$ -	\$ 398,157	\$ -	\$ (1,442,133)
Student support services	48,522	-	-	-	(48,522)
Instructional staff training	58,799	-	18,597	-	(40,202)
Board	25,710	-	-	-	(25,710)
School administration	601,180	-	91,937	-	(509,243)
Fiscal services	55,971	-	-	-	(55,971)
Food services	245,538	11,349	208,031	-	(26,158)
Central services	61,398	-	-	-	(61,398)
Student transportation services	62,227	-	-	-	(62,227)
Operation of plant	477,951	-	-	676,850	198,899
Maintenance of plant	129,622	-	-	-	(129,622)
Administrative technology services	26,029	-	-	-	(26,029)
Community Services	29,621	39,516	-	-	9,895
Debt service	907,160	-	-	-	(907,160)
Total governmental activities	4,570,018	50,865	716,722	676,850	(3,125,581)
General revenues:					
State and local sources					2,950,367
Investment income					77,823
Other revenues					211,091
Change in net position					113,700
Net position, beginning, as restated					653,293
Net position, ending					\$ 766,993

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

Somerset Academy Elementary Eagle Campus
(A charter school under Somerset Academy, Inc.)

Balance Sheet - Governmental Funds
June 30, 2025

	General Fund	Special Revenue Funds	Capital Project Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 47,777	\$ 2,063	\$ -	\$ 49,840
Investments	615,395	-	704,605	1,320,000
Due from other agencies	2,618	95,494	13,630	111,742
Due from fund	109,124	-	-	109,124
Prepaid expenses and other assets	69,480	-	-	69,480
Total Assets	<u>844,394</u>	<u>97,557</u>	<u>718,235</u>	<u>1,660,186</u>
<u>Deferred Outflows of Resources</u>				
	-	-	-	-
<u>Liabilities</u>				
Salaries and wages payable	79,978	-	-	79,978
Accounts payable	61	-	-	61
Due to Somerset Academy, Inc.	500,000	-	-	500,000
Due to fund	-	95,494	13,630	109,124
Total Liabilities	<u>580,039</u>	<u>95,494</u>	<u>13,630</u>	<u>689,163</u>
<u>Deferred Inflows of Resources</u>				
	-	-	-	-
<u>Fund balance</u>				
Nonspendable, not in spendable form	69,480	-	-	69,480
Restricted	-	-	704,605	704,605
Assigned	-	2,063	-	2,063
Unassigned	194,875	-	-	194,875
	<u>264,355</u>	<u>2,063</u>	<u>704,605</u>	<u>971,023</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 844,394</u>	<u>\$ 97,557</u>	<u>\$ 718,235</u>	<u>\$ 1,660,186</u>

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

Somerset Academy Elementary Eagle Campus
 (A charter school under Somerset Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
 June 30, 2025

Total Fund Balance - Governmental Funds \$ 971,023

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

Depreciable and non-depreciable capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and therefore are not reported in the fund.

Capital assets, depreciable	209,469	
Less: accumulated depreciation	(170,385)	
Right-of-use lease asset	2,651,560	
Less: accumulated amortization	<u>(758,850)</u>	1,931,794

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

Lease liability	(2,093,273)	
Compensated absences	<u>(42,551)</u>	<u>(2,135,824)</u>

Total Net Position - Governmental Activities \$ 766,993

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

Somerset Academy Elementary Eagle Campus
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2025

	General Fund	Special Revenue Funds	Capital Project Funds	Total Governmental Funds
Revenues:				
State passed through local	\$ 2,695,193	\$ -	\$ -	\$ 2,695,193
State capital outlay funding	-	-	199,765	199,765
Federal sources	-	716,722	-	716,722
Local sources	255,174	-	477,085	732,259
Charges for services and other revenue	78,586	50,865	-	129,451
Total Revenues	3,028,953	767,587	676,850	4,473,390
Expenditures:				
Current				
Instruction	1,426,453	382,207	-	1,808,660
Student support services	48,522	-	-	48,522
Instructional staff training	40,202	18,597	-	58,799
Board	25,710	-	-	25,710
School administration	506,631	91,937	-	598,568
Fiscal services	55,971	-	-	55,971
Food services	-	242,881	-	242,881
Central services	61,398	-	-	61,398
Student transportation services	62,227	-	-	62,227
Operation of plant	317,221	-	20,461	337,682
Maintenance of plant	129,622	-	-	129,622
Administrative technology services	26,029	-	-	26,029
Community Services	-	29,621	-	29,621
Debt Service:				
Repayment of long-term liabilities	-	-	91,481	91,481
Interest	-	-	107,160	107,160
Total Expenditures	2,699,986	765,243	219,102	3,684,331
Excess (deficit) of revenues over expenditures	328,967	2,344	457,748	789,059
Other financing sources (uses)				
Transfers in (out)	834	(834)	-	-
Repayments of long-term advances	(650,000)	-	-	(650,000)
Recoverable grant repayment	(800,000)	-	-	(800,000)
Net change in fund balance	(1,120,199)	1,510	457,748	(660,941)
Fund Balance at beginning of year	1,384,554	553	246,857	1,631,964
Fund Balance at end of year	\$ 264,355	\$ 2,063	\$ 704,605	\$ 971,023

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

Somerset Academy Elementary Eagle Campus
(A charter school under Somerset Academy, Inc.)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities

For the year ended June 30, 2025

Net Change in Fund Balance - Governmental Funds \$ (660,941)

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 and amortization expense. This is the amount by which capital outlays differed from depreciation and amortization expense.

Depreciation and amortization expense	(171,688)	
Remeasurement of right of use asset	<u>(1,123,177)</u>	<u>(1,294,865)</u>

Increase in long term liabilities is revenue in the governmental funds, but a decrease or repayment of such payables reduces liabilities in the statement of net position.

Increases in long-term liabilities	(5,480)	
Remeasurement of long-term lease liability	1,333,505	
Principal payments on long-term lease liabilities	91,481	
Repayments of long-term advances	<u>650,000</u>	<u>2,069,506</u>

Change in Net Position of Governmental Activities \$ 113,700

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Somerset Academy Elementary Eagle Campus (the "School"), is a component unit of the School Board of Duval County, Florida (the "District"). The School's charter is held by Somerset Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of Somerset Academy, Inc. which is composed of five members and also governs other charter schools. The board of directors has determined that no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Duval County, Florida. The current charter expires on June 30, 2030 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Jacksonville, Florida for students from kindergarten through fifth grades and is funded by the District. These financial statements are for the year ended June 30, 2025, when on average 323 students were enrolled for the school year.

Basis of Presentation

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

Government-Wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also 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 such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay.

Note 1 – Summary of Significant Accounting Policies (continued)

In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues, and other state and local sources.

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds:

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

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

Capital Projects Fund – accounts for state and local capital outlay as authorized by Charter School Capital Outlay, Section 1013.62, Florida Statutes.

Measurement Focus and Basis of Accounting

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

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other state and local sources.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

“Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and compensated absences, which are reported as expenditures when due. General capital asset acquisitions are reported as expenditures in governmental funds.

Budgets and Budgetary Accounting

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

Cash and Investments

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

The School has not adopted a formal deposit and investment policy that limits the School’s allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School follows the provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, GASB Statement No. 72, *Fair Value Measurement and Application*, and other related standards which establish accounting and financial reporting standards for all investments (see Note 2). Money market investment that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

Prepaid Expenses and Other Assets

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

Inter-fund Transfers

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

Note 1 – Summary of Significant Accounting Policies (continued)

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School. No allowance for uncollectible accounts is deemed necessary.

Capital Assets

The School's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$1,000 or more. Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government wide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

The right to use assets are initially measure at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Estimated useful lives, in years, for capital assets are as follows:

Right-of-use asset (building)	19 Years
Improvements	5 Years
Furniture, Fixtures and Equipment	5 Years

Deferred Outflows/Inflows of Resources

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Compensated Absences

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability that has not been used, generally using an employee’s pay rate as of the date of the financial statements.

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

The compensated absences liability includes an accrual for the cash out days and personal time off for services already rendered.

Long –Term Debt and Liabilities

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

Revenue Sources

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

Note 1 – Summary of Significant Accounting Policies (continued)

After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made. In addition, the School receives a portion of the local operating millage revenues levied by the District (Secure our Future Referendum).

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

Finally, the School also receives Federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For Federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expended.

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Net Position and Fund Balance Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

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

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

Fund financial statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balances associated with inventories and prepaid expenses.
- b) 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. Restricted fund balances at year end pertain to unspent sales surtax revenues.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned fund balances at year end are attributable to the School's Internal Account.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

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

Income Taxes

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

New Accounting Standard Adopted

Effective July 1, 2024, the School adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement was applied retroactively. See Note 12.

Effective July 1, 2024, the School adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide financial statement users with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption of this statement did not have a material impact on the School's financial statements. This statement was applied prospectively.

Note 1 – Summary of Significant Accounting Policies (continued)

Pronouncements Issued But Not Yet Effective

The GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements* and Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

The School is currently evaluating the effect that implementation of the new standards will have on its financial statements.

Use of Estimates

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

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 30, 2025 which is the date the financial statements were available to be issued.

Note 2 – Cash and Investments

Deposits

The School maintains its cash and cash equivalents in two financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Somerset Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Somerset Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2025, bank balances in potential excess of FDIC coverage was approximately \$28,000.

Investments

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

At June 30, 2025, the School had \$2,080,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value.

Note 2 – Cash and Investments (continued)

The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 2025, maturities of the fund’s portfolio holdings are approximately 67% within 30 days.

Credit Risk

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

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

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2025, all of the School’s investments in government money market mutual funds were held in a separate account and designated as assets of the School.

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

Note 3 – Due from Other Agencies

The following is due from other agencies as of June 30, 2025:

Funding Source	Fund		
Title II	Special Revenue	\$	67,342
Title IV	Special Revenue		4,715
Unisig	Special Revenue		23,437
Capital Outlay	Capital Outlay		13,630
Other	General		2,618
Total Due from Other Agencies		\$	text-align: right;">111,742

Somerset Academy Elementary Eagle Campus
(A charter school under Somerset Academy, Inc.)
Notes to Financial Statements
June 30, 2025

Note 4 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2025:

	Balance 07/01/24	Additions	Reclassifications	Balance 06/30/25
Capital Assets, depreciable:				
Improvements	\$ 3,564	\$ -	\$ -	\$ 3,564
Furniture, fixtures and equipment	205,905	-	-	205,905
Total Capital Assets	209,469	-	-	209,469
Less Accumulated Depreciation:				
Improvements	(2,435)	(713)	-	(3,148)
Furniture, fixtures and equipment	(135,818)	(31,419)	-	(167,237)
Total Accumulated Depreciation	(138,253)	(32,132)	-	(170,385)
Total Capital Assets, being depreciated, net	\$ 71,216	\$ (32,132)	\$ -	\$ 39,084
Lease Assets:				
Right of use lease asset (building)	\$ 3,774,737	\$ -	\$(1,123,177)	\$ 2,651,560
Less accumulated amortization:	(619,294)	(139,556)	-	(758,850)
Total Lease Assets being amortized, net	3,155,443	(139,556)	(1,123,177)	1,892,710
Governmental Activities Capital Assets, net	\$ 3,226,659	\$ (171,688)	\$(1,123,177)	\$ 1,931,794

For the fiscal year ended June 30, 2025, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	<u>Depreciation</u>	<u>Amortization</u>
Instruction	\$ 27,563	\$ -
School administration	1,199	-
Food service	2,657	-
Operation of plant	713	139,556
Total Expense	<u>\$ 32,132</u>	<u>\$ 139,556</u>

Note 5 – Education Services and Support Provider Agreement

Academica Broward, LLC, an education services and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement calls for a fee per full time equivalent (FTE) student per year. The agreement is with Somerset Academy, Inc., through June 30, 2028, and unless terminated by the board shall have the option to renewed an additional term of five years. During the year ended June 30, 2025, the School incurred \$153,425 in fees.

Academica Broward, LLC is located at 6340 Sunset Drive, Miami, Florida 33143.

Note 5 – Education Services and Support Provider Agreement (continued)

The School received a recoverable grant of \$250,000 for the year ended June 30, 2019 from Academica Management, LLC. Repayment of these grants are contingent on the school subsequently meeting certain financial conditions. The maximum amount the School may be required to pay in the future should the school meet the requirements for repayment is \$250,000.

Note 6 – Transactions With Other Divisions of Somerset Academy, Inc.

Somerset Academy, Inc. operates various charter schools. Somerset Academy, Inc. charges its affiliated schools an assessment for shared corporate costs and accreditation expenses. Somerset Academy Elementary Eagle Campus paid Somerset Academy, Inc. \$48,452 in connection with these charges during the year.

Recoverable Grant

For the years ended June 30, 2014 through June 30, 2020, the School received recoverable grants totaling \$1,979,690, from Somerset Academy, Inc. In addition, on July 1, 2019, the School assumed \$715,000 of recoverable grants received by Somerset Academy Preparatory for a total of \$2,694,690. Repayment of these grants are contingent on the school subsequently meeting certain financial conditions. As of June 30, 2024, the School had repaid \$1,094,690. The School has met the requirements for repayment as of June 30, 2025, and has recognized \$800,000 in debt service expense in the statement of activities. The maximum amount the School may be required to pay in the future should the school meet the requirements for repayment is \$800,000; of which \$500,000 is payable at year end.

The following schedule provides a summary of changes in long-term advances from other divisions of Somerset Academy, Inc. for the year ended June 30, 2025:

	Balance 07/01/24	Additions	Repayments	Balance 06/30/25
Somerset Academy, Inc.	\$ 650,000	\$ 500,000	\$ 650,000	\$ 500,000
Total Long Term payables	<u>\$ 650,000</u>	<u>\$ 500,000</u>	<u>\$ 650,000</u>	<u>\$ 500,000</u>

Note 7 – Long Term Liabilities

For the 2020-2021 school year, the School moved to a facility located at 2100 Dunn Avenue Jacksonville, Florida 32218, and entered into a lease agreement Charter DC Jacksonville, LLC. The landlord is an affiliate of the School’s educational service provider (See Note 4). This facility will be shared with Somerset Academy Eagle Middle (a charter school under Somerset Academy, Inc.) Fixed payments under this agreement shall be based on \$680 per full time equivalent (FTE) students for the 2020-2021 year with a minimum of \$250,000, adjusted annually and commencing on the second lease year based on the Consumer Price Index, plus additional property costs including repairs, maintenance and insurance. The per-student fixed rent will increase each year, if student enrollment exceeds 625 students in the applicable lease year.

Note 7 – Long Term Liabilities (continued)

The agreement continues through June 30, 2040, with an option to renew for three additional successive periods of ten years each. Under the agreement, Somerset Academy, Inc. must meet certain requirements and covenants.

The lease right of use asset and liability were allocated between School and Somerset Academy Eagle Middle based on enrollment and usage of facility. The allocation used for implementation, was approximately 33% for Somerset Academy Eagle Middle and 67% for the School. At the time of the initial measurement, there was no interest rate specified in the original lease agreement. The School has used an average effective interest for several borrowings during fiscal years 2021 and 2022. The average borrowing rate was 5% which was used to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability as of June 30, 2025. Effective July 1, 2024, the School remeasured the lease agreement based on the base rent. The remeasurement resulted in a decrease of the right of use asset and liability and other income of \$210,328.

For the year ended June 30, 2025, interest expense totaled \$107,160, as it relates to its lease agreements. For 2025, there were no variable payments in connection with the lease agreement not previously included in the measurement of the lease liability were recorded in rent expense.

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

Year	Principal	Interest	Total	
2026	\$ 96,162	\$ 102,480	\$ 198,642	
2027	101,082	97,560	198,642	
2028	106,253	92,388	198,641	
2029	111,689	86,952	198,641	
2030	117,404	81,238	198,642	
2031-2035	683,503	309,705	993,208	(Total for a five year period.)
2036-2040	877,180	116,028	993,208	(Total for a five year period.)
	<u>\$ 2,093,273</u>	<u>\$ 886,351</u>	<u>\$ 2,979,624</u>	

Changes in long term lease liabilities during the year are as follows:

	<u>Balance 07/01/24</u>	<u>Increases</u>	<u>Remeasurement / Decreases</u>	<u>Balance 06/30/25</u>
Lease liability	<u>\$ 3,518,259</u>	<u>\$ -</u>	<u>\$ (1,424,986)</u>	<u>\$ 2,093,273</u>
Total Lease Liabilities	<u>\$ 3,518,259</u>	<u>\$ -</u>	<u>\$ (1,424,986)</u>	<u>\$ 2,093,273</u>

Note 8 – Contingencies and Concentrations

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

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% (or 2% if the school is high performing) of the qualifying revenues of the School. For the year ended June 30, 2025, administrative fees withheld by the School District totaled \$102,696.

Note 9 – Risk Management

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

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

Note 10 – Defined Contribution Retirement Plan

The School’s personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School provides a match of 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$52,193 for the year ended June 30, 2025. The School does not exercise any control or fiduciary responsibility over the plan’s assets, which are administered by Voya Financial.

Somerset Academy Elementary Eagle Campus
(A charter school under Somerset Academy, Inc.)
Notes to Financial Statements
June 30, 2025

Note 11 – Interfund Transfers

Interfund transfers in governmental funds as of June 30, 2025, consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund lunch deficit	\$ (23,501)	\$ 23,501	\$ -
To reimburse the general fund for prior period federal expenditures	24,335	(24,335)	-
Total Transfers, net	<u>\$ 834</u>	<u>\$ (834)</u>	<u>\$ -</u>
	General Fund	Special Revenue Fund	Capital Projects Fund
Due to General Fund from Capital Projects Fund for capital outlay	\$ 13,630	\$ -	\$ (13,630)
Due to General Fund from Special Revenue Fund for Federal Funds	95,494	(95,494)	-
Total Due from/(Due to)	<u>\$ 109,124</u>	<u>\$ (95,494)</u>	<u>\$ (13,630)</u>

Note 12 – Restatements of Beginning Balances and Compensated Absences

For the year ended June 30, 2025, the School implemented GASB Statement No. 101, *Compensated Absences*. Compensated absences payable consists of leave benefits, paid time off, that employees earned based on services already rendered. Compensated absences are recognized as a liability when the leave accumulates, is attributable to past service, and it is more likely than not that the leave will be used or paid.

For the implementation, the beginning net position has been restated, as follows:

	Fiscal Year June 30, 2024 Original	GASB Statement No. 101	Fiscal Year June 30, 2024 (Restated)
Net position (deficit), beginning	\$ 152,689		\$ 152,689
Change in net position	<u>537,675</u>	<u>(37,071)</u>	<u>500,604</u>
Net position (deficit), ending	<u>\$ 690,364</u>		<u>\$ 653,293</u>

Changes in compensated absence liabilities during the year are as follows:

	07/01/24	Increases *	Decreases	06/30/25	Due within One Year
Compensated absences	<u>\$ 37,071</u>	<u>\$ 5,480</u>	<u>\$ -</u>	<u>\$ 42,551</u>	<u>\$ 25,531</u>
	<u>\$ 37,071</u>	<u>\$ 5,480</u>	<u>\$ -</u>	<u>\$ 42,551</u>	<u>\$ 25,531</u>

* The change in compensated absences is presented as a net change.

REQUIRED SUPPLEMENTARY INFORMATION

Somerset Academy Elementary Eagle Campus
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2025

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 3,066,837	\$ 2,686,908	\$ 2,695,193
Local sources	288,100	252,937	255,174
Charges for services and other revenue	185,633	66,410	78,586
Total Revenues	<u>3,540,570</u>	<u>3,006,255</u>	<u>3,028,953</u>
EXPENDITURES			
Current:			
Instruction	1,818,599	1,655,311	1,426,453
Student support services	83,800	76,124	48,522
Instructional staff training	18,000	44,949	40,202
Board	46,025	37,092	25,710
School administration	670,651	511,036	506,631
Fiscal services	68,083	55,971	55,971
Central services	95,083	64,142	61,398
Student transportation services	58,000	62,300	62,227
Operation of plant	298,409	394,577	317,221
Maintenance of plant	162,000	135,800	129,622
Administrative technology services	34,426	28,297	26,029
Total Current Expenditures	<u>3,353,076</u>	<u>3,065,599</u>	<u>2,699,986</u>
Excess of Revenues			
Over Current Expenditures	<u>187,494</u>	<u>(59,344)</u>	<u>328,967</u>
Total Expenditures	<u>3,353,076</u>	<u>3,065,599</u>	<u>2,699,986</u>
Excess (deficit) of Revenues Over Expenditures	187,494	(59,344)	328,967
Other financing sources (uses):			
Transfers in (out)	(23,610)	356,417	834
Repayment of long term advances	-	(650,000)	(650,000)
Recoverable grant repayment	-	(800,000)	(800,000)
Net change in fund balance	163,884	(1,152,927)	(1,120,199)
Fund Balance at beginning of year	<u>1,384,554</u>	<u>1,384,554</u>	<u>1,384,554</u>
Fund Balance at end of year	<u>\$ 1,548,438</u>	<u>\$ 231,627</u>	<u>\$ 264,355</u>

Notes to Budgetary Comparison Schedule

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

Somerset Academy Elementary Eagle Campus
(A charter school under Somerset Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2025

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 556,425	\$ 684,434	\$ 716,722
Charges for services and other revenue	77,000	45,454	50,865
Total Revenues	<u>633,425</u>	<u>729,888</u>	<u>767,587</u>
EXPENDITURES			
Current:			
Instruction	220,225	386,234	382,207
Instructional staff training	21,000	24,949	18,597
School administration	77,100	92,751	91,937
Food services	311,355	252,246	242,881
Community services	50,000	40,000	29,621
Total Current Expenditures	<u>679,680</u>	<u>796,180</u>	<u>765,243</u>
Deficit of Revenues Over Current Expenditures	<u>(46,255)</u>	<u>(66,292)</u>	<u>2,344</u>
Total Expenditures	<u>679,680</u>	<u>796,180</u>	<u>765,243</u>
Deficit Over Expenditures	(46,255)	(66,292)	2,344
Other financing sources (uses)			
Transfers in (out)	<u>46,255</u>	<u>66,292</u>	<u>(834)</u>
Net change in fund balance	-	-	1,510
Fund Balance at beginning of year	<u>553</u>	<u>553</u>	<u>553</u>
Fund Balance at end of year	<u>\$ 553</u>	<u>\$ 553</u>	<u>\$ 2,063</u>

Notes to Budgetary Comparison Schedule

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



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

To the Board of Directors of
Somerset Academy Elementary Eagle Campus
Jacksonville, 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 Somerset Academy Elementary Eagle Campus (the "School") as of, and for the year ended June 30, 2025, 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 30, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

We issued a separate management letter pursuant to Chapter 10.850, Rules of the Auditor General dated September 30, 2025.

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 School’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 School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2025



MANAGEMENT LETTER

To the Board of Directors of
Somerset Academy Elementary Eagle Campus
Jacksonville, Florida

Report on the Financial Statements

We have audited the financial statements of Somerset Academy Elementary Eagle Campus, Jacksonville, Florida, as of and for the fiscal year ended June 30, 2025 and have issued our report thereon dated September 30, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in those reports and schedules, which are dated September 30, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no findings or recommendations made in the preceding 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 assigned by the Florida Department of education of the entity is Somerset Academy Elementary Eagle Campus, 1251.

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 Somerset Academy Elementary Eagle Campus has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Somerset Academy Elementary Eagle Campus did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Somerset Academy Elementary Eagle Campus. It is management’s responsibility to monitor Somerset Academy Elementary Eagle Campus’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we did not have any recommendations.

Transparency

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendation to improve financial management. In connection with our audit, we had the following recommendations:

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to report the results of our determination as to whether Somerset Academy Elementary Eagle Campus maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Somerset Academy Elementary Eagle Campus 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 that we address noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have such findings.

Purpose of this Letter

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

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2025