



Somerset Gables Academy
WL# 5008
(A charter school under Somerset Academy, Inc.)

Coral Gables, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2025

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Somerset Gables Academy
(A charter school under Somerset Academy, Inc.)
W/L# 5008
624 Anastasia Avenue-Site 1
Coral Gables, Florida 33134

5859 SW 16 Street-Site 2
Miami, FL 33155

2024-2025

BOARD OF DIRECTORS

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

OTHER NON-VOTING CORPORATE OFFICERS

Bernardo Montero, President
Suzette Ruiz, Vice-President

SCHOOL ADMINISTRATION

Lisa Alamo, Principal



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Somerset Gables Academy
Coral Gables, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Somerset Gables Academy (the "School"), a charter school under Somerset Academy, Inc. 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 Gables Academy 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 Gables Academy'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.

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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 Gables Academy 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, effective 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 November 12, 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
November 12, 2025

Management's Discussion and Analysis
Somerset Gables Academy
(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 at June 30, 2025 was \$2,022,215.
2. At year-end, the School had current assets on hand of \$2,491,773.
3. The School had an increase in its net position of \$677,123 for the year ended June 30, 2025.
4. The unassigned fund balance at year end was \$1,559,749.

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 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. *Government Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Government Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

The Board of the School adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for its major governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 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 - 30 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, the net position was \$2,022,215 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	\$ 511,048	\$ 357,697
Investments	1,100,000	990,000
Prepaid expenses and other current assets	69,275	32,700
Due from landlord	306,289	-
Due from other agencies	505,161	897,396
Due from Somerset Academy, Inc.	427,413	-
Capital and right-of-use capital assets, net	3,829,948	4,451,765
Total Assets	6,749,134	6,729,558
Deferred outflows of resources	-	-
Salaries and wages payable	287,062	294,112
Accounts payable and other accrued expenses	384,616	287,768
Compensated absences	206,485	189,882
Lease liability	3,848,756	4,512,704
Total Liabilities	4,726,919	5,284,466
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	(18,808)	(60,939)
Restricted - District Referendum Funds	48,833	168,902
Unrestricted	1,992,190	1,237,129
Total Net Position	\$ 2,022,215	\$ 1,345,092

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

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

	2025	(As restated) 2024
REVENUES		
Program Revenues:		
Federal sources	\$ 686,019	\$ 431,620
Capital grants and contributions	621,738	365,176
Charges for services and other revenues	262,098	184,535
General Revenues:		
Local sources	6,109,620	5,566,227
Charges for services	542,296	353,487
Other revenues	58,401	746,490
Total Revenues	<u>\$ 8,280,172</u>	<u>\$ 7,647,535</u>
EXPENSES		
Governmental Activities:		
Instruction	\$ 3,853,326	\$ 3,487,126
Student support services	28,012	63,637
Instructional staff training	17,311	22,803
Board	178,679	75,616
General administration	-	40,078
School administration	836,981	632,853
Facilities acquisition	6,325	6,325
Fiscal services	55,283	75,332
Food services	202,484	191,052
Central services	113,806	142,767
Pupil transportation	-	2,892
Operation of plant	1,511,292	1,203,788
Maintenance of plant	346,283	203,921
Community services	147,361	101,245
Administrative technology services	95,348	89,496
Debt service	210,558	491,075
Total Expenses	<u>7,603,049</u>	<u>6,830,006</u>
Change in Net Position	677,123	817,529
Net Position at Beginning of Year	<u>1,345,092</u>	<u>527,563</u>
Net Position at End of Year	<u>\$ 2,022,215</u>	<u>\$ 1,345,092</u>

The School's revenues and expenses increased by \$632,637 and \$773,043, respectively. The School had an increase in its net position of \$677,123 for the year.

School Location and Lease of Facility

The School's leased facilities are located at 624 Anastasia Avenue, Coral Gables, Florida 33134 (Site 1) and 5859 SW 16 Street, Miami, Florida 33155 (Site 2).

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.

Governmental Funds

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

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

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$1,677,857. The fund balance unassigned and available for spending at the School's discretion is \$1,559,749. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets and right of use lease asset (building) as of June 30, 2025 amounts to \$3,829,948 (net of accumulated depreciation and amortization). This investment in capital assets includes right of use lease asset (building), furniture, fixtures and equipment. As of June 30, 2025, the School had long term liabilities of \$3,848,756 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 funds to demonstrate compliance with the School’s budget.

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues:			
State capital outlay funding	\$ 340,200	\$ 340,525	\$ 349,464
Local sources	252,000	270,906	272,274
Federal sources	594,000	671,871	686,019
Charges for services and other revenues	130,000	200,000	262,098
General Revenues:			
State and local sources	6,417,279	6,508,667	6,558,404
Charges for services	530,500	532,975	542,296
Other revenues	130,000	153,162	58,401
Total Revenues	<u>8,393,979</u>	<u>8,678,106</u>	<u>8,728,956</u>
CURRENT EXPENDITURES			
Governmental Activities:			
Instruction	4,078,314	3,999,554	3,803,733
Student support services	149,381	34,720	28,012
Instructional staff training	28,350	24,997	17,311
Board	237,125	180,010	178,679
School administration	733,554	881,236	830,053
Fiscal services	99,750	87,954	55,283
Food services	347,028	218,166	200,907
Central services	187,750	137,954	113,806
Operation of plant	707,839	793,500	789,444
Maintenance of plant	296,600	354,217	346,241
Administrative technology services	66,821	96,399	95,348
Community services	120,000	160,000	147,361
Total Current Expenditures	<u>\$ 7,052,512</u>	<u>\$ 6,968,707</u>	<u>\$ 6,606,178</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 Dade, LLC, 6340 Sunset Drive, Miami, Florida 33143.

Somerset Gables Academy
(A charter school under Somerset Academy, Inc.)

Statement of Net Position
June 30, 2025

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 511,048
Investments	1,100,000
Prepaid expenses and other current assets	69,275
Due from landlord	306,289
Due from other agencies	505,161
Total Current Assets	<u>2,491,773</u>
Due from Somerset Academy, Inc.	427,413
Capital assets, net:	
Capital assets, depreciable	846,075
Less: accumulated depreciation	(582,266)
Right-of-use lease asset	5,578,656
Less: accumulated amortization	<u>(2,012,517)</u>
Total Capital Assets, net	<u>3,829,948</u>
Total Assets	<u>6,749,134</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	287,062
Accounts payable and other accrued expenses	384,616
Compensated absences, current	123,891
Lease liability, current	495,746
Total Current Liabilities	<u>1,291,315</u>
Compensated absences	82,594
Lease liability	<u>3,353,010</u>
Total Liabilities	4,726,919
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	
Net investment in capital assets	(18,808)
Restricted - District Referendum Funds	48,833
Unrestricted	1,992,190
Total Net Position	<u>\$ 2,022,215</u>

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

Somerset Gables Academy
(A charter school under Somerset Academy, Inc.)

Statement of Activities
For the year ended June 30, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
Instruction	\$ 3,853,326	\$ 542,296	\$ 597,033	\$ -	\$ (2,713,997)
Student support services	28,012	-	-	-	(28,012)
Instructional staff training	17,311	-	17,311	-	-
Board	178,679	-	-	-	(178,679)
School administration	836,981	-	100	-	(836,881)
Facilities acquisition	6,325	-	-	-	(6,325)
Fiscal services	55,283	-	-	-	(55,283)
Food services	202,484	74,376	71,575	-	(56,533)
Central services	113,806	-	-	-	(113,806)
Operation of plant	1,511,292	-	-	621,738	(889,554)
Maintenance of plant	346,283	-	-	-	(346,283)
Administrative technology services	95,348	-	-	-	(95,348)
Community services	147,361	187,722	-	-	40,361
Debt service	210,558	-	-	-	(210,558)
Total governmental activities	7,603,049	804,394	686,019	621,738	(5,490,898)
General revenues:					
State and local sources					6,109,620
Interest income					58,401
					<hr/>
Change in net position					677,123
Net position, beginning, as restated					1,345,092
Net position, ending					<hr/> \$ 2,022,215

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

Somerset Gables Academy
(A charter school under Somerset Academy, Inc.)

Balance Sheet - Governmental Funds
June 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 368,810	\$ 142,238	\$ -	\$ 511,048
Investments	1,100,000	-	-	1,100,000
Prepaid expenses and other current assets	69,275	-	-	69,275
Due from landlord	306,289	-	-	306,289
Due from other agencies	448,784	23,875	32,502	505,161
Due from fund	56,377	-	-	56,377
Total Assets	<u>2,349,535</u>	<u>166,113</u>	<u>32,502</u>	<u>2,548,150</u>
<u>Deferred Outflows of Resources</u>				
	-	-	-	-
<u>Liabilities</u>				
Salaries and wages payable	287,062	-	-	287,062
Accounts payable and other accrued expenses	384,616	-	-	384,616
Due to fund	-	23,875	32,502	56,377
Total Liabilities	<u>671,678</u>	<u>23,875</u>	<u>32,502</u>	<u>728,055</u>
<u>Deferred Inflows of Resources</u>				
	-	-	-	-
<u>Fund Balance</u>				
Nonspendable, not in spendable form	69,275	-	-	69,275
Restricted	48,833	-	-	48,833
Assigned	-	142,238	-	142,238
Unassigned	1,559,749	-	-	1,559,749
	<u>1,677,857</u>	<u>142,238</u>	<u>-</u>	<u>1,820,095</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,349,535</u>	<u>\$ 166,113</u>	<u>\$ 32,502</u>	<u>\$ 2,548,150</u>

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

Somerset Gables Academy
 (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	\$	1,820,095
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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	846,075	
Less: accumulated depreciation	(582,266)	
Right-of-use lease asset	5,578,656	
Less: accumulated amortization	<u>(2,012,517)</u>	3,829,948

Long term receivables in governmental activities are not financial resources and therefore are not reported in the governmental funds.

427,413

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

Compensated absences	(206,485)	
Lease liability	<u>(3,848,756)</u>	<u>(4,055,241)</u>

Total Net Position - Governmental Activities	\$	<u>2,022,215</u>
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The accompanying notes are an integral part of this financial statement.

Somerset Gables Academy
(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 Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
State passed through local	\$ 5,176,499	\$ -	\$ -	\$ 5,176,499
State capital outlay funding	-	-	349,464	349,464
Local sources	1,381,905	-	272,274	1,654,179
Federal sources	-	686,019	-	686,019
Charges for services	542,296	262,098	-	804,394
Other revenues	58,401	-	-	58,401
Total Revenues	7,159,101	948,117	621,738	8,728,956
Expenditures:				
Current				
Instruction	3,588,652	215,081	-	3,803,733
Student support services	28,012	-	-	28,012
Instructional staff training	-	17,311	-	17,311
Board	178,679	-	-	178,679
School administration	829,953	100	-	830,053
Fiscal services	55,283	-	-	55,283
Food services	-	200,907	-	200,907
Central services	113,806	-	-	113,806
Operation of plant	789,444	-	-	789,444
Maintenance of plant	346,241	-	-	346,241
Administrative technology services	95,348	-	-	95,348
Community services	-	147,361	-	147,361
Capital Outlay:				
Other capital outlay	146,494	1,399	-	147,893
Debt Service:				
Redemption of principal	252,768	-	411,180	663,948
Interest	-	-	210,558	210,558
Total Expenditures	6,424,680	582,159	621,738	7,628,577
Excess (deficit) of revenues over expenditures	734,421	365,958	-	1,100,379
Other financing sources (uses):				
Transfers in (out)	325,597	(325,597)	-	-
Repayments to Somerset Academy, Inc.	(100,000)	-	-	(100,000)
Increase in long-term advances	(427,413)	-	-	(427,413)
Net change in fund balance	532,605	40,361	-	572,966
Fund Balance at beginning of year	1,145,252	101,877	-	1,247,129
Fund Balance at end of year	\$ 1,677,857	\$ 142,238	\$ -	\$ 1,820,095

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

Somerset Gables Academy
 (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 \$ 572,966

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 outlay differed from depreciation and amortization expense.

Capital outlay	147,893	
Depreciation and amortization expense	<u>(769,710)</u>	(621,817)

Revenues are recognized using the full accrual basis of accounting in the government-wide statements. However, revenues are recognized when they are measurable and available in the governmental funds.

Prior year revenues recognized this year at the fund level. (448,784)

Increase in long term receivables is an expenditure in the governmental funds, but a decrease or collections of such receivables reduces long-term assets in the statement of net position. 427,413

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.

Repayments to Somerset Academy, Inc.	100,000	
Compensated absences	(16,603)	
Principal payments on long-term liabilities	<u>663,948</u>	<u>747,345</u>

Change in Net Position of Governmental Activities \$ 677,123

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Somerset Gables Academy (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 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 Miami-Dade County, Florida. The current charter expires on June 30, 2039 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 has two sites located in Coral Gables and West Miami, Florida for students from kindergarten through eighth grades and is funded by the District. These financial statements are for the year ended June 30, 2025, when on average 556 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.

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.

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)

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. 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, 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 other local capital funds 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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. Revenues from grants and donations are recognized on the accrual basis, 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 miscellaneous 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. “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. 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, Cash Equivalents and Investments

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

Note 1 – Summary of Significant Accounting Policies (continued)

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 3). Money market investments 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.

Due from Other Governments or Agencies

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

Improvements	20 Years
Furniture, fixture, and equipment	5 Years
Right-of-use asset (building)	9 Years

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

Revenue Sources

Revenues for current operations are received primarily from the state through 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 improvements 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 reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
- b) Restricted net position - consists of net position with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments.
- c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for a specific purpose, it is the District'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 list below:

- 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 balance associated with inventories, and prepaid expenses.

Note 1 – Summary of Significant Accounting Policies (continued)

- 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 funds at year end are for unspent local “Secure Our Future” referendum funds.
- 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. The assigned balances at year end pertain 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.

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.

Use of Estimates

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

New Accounting Standard Adopted

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Pronouncements Issued But Not Yet Effective

The GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements* and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of these Statements 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.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through November 12, 2025, which is the date the financial statements were available to be issued.

Note 2 –Capital Assets

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

	Balance 07/01/24	Additions	Retirements/ Reclassifications	Balance 06/30/25
Capital Assets, non-depreciable				
Construction in progress	\$ 4,600	\$ -	\$ (4,600)	\$ -
Capital Assets, depreciable:				
Improvements	539,697	35,000		574,697
Furniture, fixtures, and equipment	184,726	112,893	(26,241)	271,378
Total Capital Assets	729,023	147,893	(30,841)	846,075
Less Accumulated Depreciation:				
Improvements	(417,068)	(22,848)		\$ (439,916)
Furniture, fixtures, and equipment	(126,862)	(46,329)	30,841	(142,350)
Total Accumulated Depreciation	(543,930)	(69,177)	30,841	(582,266)
Total Capital Assets, being depreciated net	\$ 185,093	\$ 78,716	\$ -	\$ 263,809
Lease Assets:				
Right of use lease asset (building)	\$ 5,989,147	\$ -	\$ (410,491)	\$ 5,578,656
Less accumulated amortization	(1,722,475)	(700,533)	410,491	(2,012,517)
Total Lease Assets being amortized, net	4,266,672	(700,533)	-	3,566,139
Governmental Activities Capital Assets, net	\$ 4,451,765	\$ (621,817)	\$ -	\$ 3,829,948

Note 2 –Capital Assets (continued)

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	\$ 38,704	\$ -
School administration	1,214	-
Facilities acquisition	6,325	-
Food services	1,577	-
Operation of plant	21,315	700,533
Maintenance of plant	42	-
Total Expense	<u>\$ 69,177</u>	<u>\$ 700,533</u>

Note 3 – Cash and Investments

Deposits

The School maintains its cash in two financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Somerset Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Somerset Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2025, bank balances in potential excess of FDIC coverage was approximately \$532,000.

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 \$1,340,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The government money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 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 and issued by Morgan Stanley.

Note 3 – Cash and Investments (continued)

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 4 – Due from Other Agencies

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

Funding Source	Fund	
Due from Miami-Dade County Public Schools, referendum	General Fund	\$ 448,784
Title IV	Special Revenue Fund	23,875
Capital Outlay	Capital Projects Fund	<u>32,502</u>
Total Due from Other Agencies		\$ 505,161

Note 5 – Education Services and Support Provider Agreement

Academica Dade, LLC, a professional education service 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 and virtual education services.

The agreement with Somerset Academy, Inc. calls for a fee on a per student basis through June 30, 2028, and unless terminated by the board shall have the option to renew for an additional five year term. During the year ended June 30, 2025, the School incurred \$263,625 in fees, including fees for the School’s pre-kindergarten program of \$23,513.

Note 6 – Transactions within other divisions of Somerset Academy, Inc.

Somerset Academy, Inc. (the “Corporation”) charges an assessment to all its affiliated schools for shared corporate costs and accreditation expenses. During 2025, the School paid \$83,324 to the Corporation for these shared costs.

Note 6 – Transactions within other divisions of Somerset Academy, Inc. (continued)

The School had long-term payables with Somerset Academy, Inc., which was paid in full during the year. The following schedule provides a summary of changes in the long-term liabilities for the year ended June 30, 2025:

	Balance 07/01/24	Increase	Decrease	Balance 06/30/25
Somerset Academy, Inc.	\$ 100,000	\$ -	\$(100,000)	\$ -
Total Long Term Liabilities	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$(100,000)</u>	<u>\$ -</u>

In addition, the School made a long term, non-interest-bearing advance to the corporate account of Somerset Academy, Inc. with no stated maturity date. The following schedule provides a summary of changes in the long-term receivables for the year ended June 30, 2025:

	Balance 07/01/24	Increase	Decrease	Balance 06/30/25
Somerset Academy, Inc.	\$ -	\$ 427,413	\$ -	\$ 427,413
Total Long Term Receivables	<u>\$ -</u>	<u>\$ 427,413</u>	<u>\$ -</u>	<u>\$ 427,413</u>

Note 7 – Interfund Transfers

Interfund transfers in government funds as of June 30, 2025 consists of the followings:

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund debt service in the Capital Projects Fund	\$ -	\$ -	\$ -
To reimburse General Fund for prior period's federal expenditures	380,553	(380,553)	-
To fund lunch deficit	(54,956)	54,956	-
Total Transfers, net	<u>\$ 325,597</u>	<u>\$ (325,597)</u>	<u>\$ -</u>
Due from/(Due to) fund balances are as follows:			
Due to General Fund from Capital Projects Fund for capital outlay	\$ 32,502	\$ -	\$ (32,502)
Due to General Fund from Special Revenue Fund for federal funds	23,875	(23,875)	-
Total Due from/(Due to)	<u>\$ 56,377</u>	<u>\$ (23,875)</u>	<u>\$ (32,502)</u>

Note 8 – Long-Term Liabilities

University Baptist Church of Coral Gables, Inc.

The School entered into an educational facilities lease agreement with The University Baptist Church of Coral Gables, Inc. Initial fixed annual payments under this agreement are \$700 per student, for a minimum annual base rent of \$77,000 and a minimum of 110 students, adjusted annually based on the Consumer Price Index (CPI).

During the year, the agreement was extended through August 16, 2027, with automatic two year renewal periods unless terminated by either party. As of June 30, 2025, the School had a due from University Baptist Church of Coral Gables, Inc. of \$229,670.

Note 8 – Long-Term Liabilities (continued)

Somerset Academy Foundation, Inc. – Related Party

The School entered into a lease and security agreement with Somerset Academy Foundation, Inc. through June 30, 2032, with two options to renew of five additional years each. This agreement calls for rent at a rate of \$1,350 per full time student equivalent with a minimum enrollment of 450 students per year. As of June 30, 2025, the School had a due from Somerset Foundation, Inc. of \$76,619.

Annual payments under this agreement shall be adjusted annually commencing on the second lease year based on an increase of 1.5% to the Per Student Amount plus additional property costs including repairs, maintenance, and insurance. Somerset Academy Foundation, Inc. is a not-for-profit supporting organization of Somerset Academy, Inc. under Section 509(a)(3) of the Internal Revenue Code.

Under the agreement, Somerset Academy, Inc. must meet certain requirements and covenants including maintaining a “Fixed Charges Coverage Ratio” of not less than 1.10 to 1.00 and in addition, it grants a valid first lien on pledge revenues, which includes all funds related to 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 year 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.

For the year ended June 30, 2025, interest expense totaled \$210,558 as it relates to its lease agreements. For 2025, there were no variable payments related to the lease agreement.

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

Year	Principal	Interest	Total
2026	\$ 495,746	\$ 180,567	\$ 676,313
2027	491,512	156,488	648,000
2028	516,659	131,341	648,000
2029	543,092	104,908	648,000
2030	570,877	77,123	648,000
2031-2032	1,230,870	65,129	1,295,999 (Total for a two year period.)
	\$ 3,848,756	\$ 715,556	\$ 4,564,312

Note 8 – Long-Term Liabilities (continued)

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

	Balance 07/01/24	Increases	Decreases	Balance 06/30/25
Lease liability - University Baptist Church of Coral Gables, Inc.	\$ 247,274	\$ -	\$ (219,117)	\$ 28,157
Lease liability - Somerset Academy Foundation, Inc.	4,265,430	-	(444,831)	3,820,599
	<u>\$ 4,512,704</u>	<u>\$ -</u>	<u>\$ (663,948)</u>	<u>\$ 3,848,756</u>

Note 9 – Contingencies and Concentrations

The School receives majority of its funding from the State through the District under the Florida Education Finance Program (FEFP) and various other state and local funding. The FEFP 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.

On November 6, 2018, and November 8, 2022, the voters of Miami-Dade approved and renewed, respectively, the Secure Our Future Referendum to raise/maintain teacher compensation and improve school safety and security. The Miami-Dade County School District shares a portion with charter schools. The current renewal is set to expire on June 30, 2027. For the year ended June 30, 2025, the School’s referendum revenues were approximately \$933,000 or 11% of total revenues.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2025, administrative fees withheld by the School District totaled \$41,448.

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 any of the past three fiscal years. In addition, there were no reductions in insurance coverage from those in the prior year.

Note 10 – Risk Management (continued)

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

Note 11 – 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 will match 100% of employee contributions up to 4% of the employee’s compensation.

The School contributed to the Plan \$93,524 for the year ended June 30, 2025. The School does not exercise any control or fiduciary responsibility over the Plans’ assets, which are administered by Voya Financial.

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)
	<u> </u>	<u> </u>	<u> </u>
Net position (deficit), beginning	\$ 527,563		\$ 527,563
Change in net position	1,007,411	\$ (189,882)	817,529
Net position (deficit), ending	<u>\$ 1,534,974</u>	<u>\$ (189,882)</u>	<u>\$ 1,345,092</u>

Note 12 – Restatements of Beginning Balances and Compensated Absences (continued)

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

	Beginning Balance <u>07/01/2024</u>	<u>Increases*</u>	<u>Decreases</u>	Ending Balance <u>06/30/2025</u>	Due within one year
Compensated absences	<u>\$ 189,882</u>	<u>\$ 16,603</u>	<u>\$ -</u>	<u>\$ 206,485</u>	<u>\$ 123,891</u>
	<u>\$ 189,882</u>	<u>\$ 16,603</u>	<u>\$ -</u>	<u>\$ 206,485</u>	

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

REQUIRED SUPPLEMENTARY INFORMATION

Somerset Gables Academy
(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	\$ 5,092,297	\$ 5,157,612	\$ 5,176,499
Local sources	1,324,982	1,351,055	1,381,905
Charges for services	530,500	532,975	542,296
Other revenues	130,000	153,162	58,401
Total Revenues	<u>7,077,779</u>	<u>7,194,804</u>	<u>7,159,101</u>
EXPENDITURES			
Current:			
Instruction	3,785,964	3,714,180	3,588,652
Student support services	149,381	34,720	28,012
Board	237,125	180,010	178,679
School administration	732,054	879,736	829,953
Fiscal services	99,750	87,954	55,283
Central services	187,750	137,954	113,806
Operation of plant	707,839	793,500	789,444
Maintenance of plant	296,600	354,217	346,241
Administrative technology services	66,821	96,399	95,348
Total Current Expenditures	<u>6,263,284</u>	<u>6,278,670</u>	<u>6,025,418</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>814,495</u>	<u>916,134</u>	<u>1,133,683</u>
Debt Service:			
Redemption of principal	-	-	252,768
Capital Outlay			
Other capital outlay	-	147,255	146,494
Total Capital Outlay and Debt Service Expenditures	<u>-</u>	<u>147,255</u>	<u>399,262</u>
Total Expenditures	<u>6,263,284</u>	<u>6,425,925</u>	<u>6,424,680</u>
Excess (Deficit) of Revenues Over Expenditures	814,495	768,879	734,421
Other financing sources (uses):			
Transfers in (out)	(417,533)	(133,154)	325,597
Repayments to Somerset Academy, Inc.	-	(100,000)	(100,000)
Increase in long-term advances	-	(427,413)	(427,413)
Net change in fund balance	396,962	108,312	532,605
Fund Balance at beginning of year	<u>1,145,252</u>	<u>1,145,252</u>	<u>1,145,252</u>
Fund Balance at end of year	<u>\$ 1,542,214</u>	<u>\$ 1,253,564</u>	<u>\$ 1,677,857</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 Gables Academy
(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	\$ 594,000	\$ 671,871	\$ 686,019
Charges for services	130,000	200,000	262,098
Total Revenues	<u>724,000</u>	<u>871,871</u>	<u>948,117</u>
EXPENDITURES			
Current:			
Instruction	292,350	285,374	215,081
Instructional staff training	28,350	24,997	17,311
School administration	1,500	1,500	100
Food services	347,028	218,166	200,907
Community services	120,000	160,000	147,361
Total Current Expenditures	<u>789,228</u>	<u>690,037</u>	<u>580,760</u>
Excess of Revenues Over Current Expenditures	<u>(65,228)</u>	<u>181,834</u>	<u>367,357</u>
Capital Outlay			
Other Capital Outlay	<u>2,500</u>	<u>2,500</u>	<u>1,399</u>
Total Capital Outlay and Debt Service Expenditures	<u>2,500</u>	<u>2,500</u>	<u>1,399</u>
Total Expenditures	<u>791,728</u>	<u>692,537</u>	<u>582,159</u>
Excess of Revenues Over Expenditures	(67,728)	179,334	365,958
Other financing sources (uses)			
Transfers in (out)	<u>67,728</u>	<u>(179,334)</u>	<u>(325,597)</u>
Net change in fund balance	-	-	40,361
Fund Balance at beginning of year	<u>101,877</u>	<u>101,877</u>	<u>101,877</u>
Fund Balance at end of year	<u>\$ 101,877</u>	<u>\$ 101,877</u>	<u>\$ 142,238</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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Somerset Gables Academy
Coral Gables, 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 Gables Academy (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 November 12, 2025 .

Report 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.

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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 dated November 12, 2025 pursuant to Chapter 10.850, Rules of the Auditor General.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Handwritten signature in blue ink that reads "HLB Gravier, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
November 12, 2025



MANAGEMENT LETTER

To the Board of Directors of
Somerset Gables Academy
Coral Gables, Florida

Report on the Financial Statements

We have audited the financial statements of Somerset Gables Academy, Coral Gables, Florida as of and for the fiscal year ended June 30, 2025 and have issued our report thereon dated November 12, 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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules which are dated November 12, 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 annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Somerset Gables Academy, (W/L #5008).

Financial Condition and Management

Section 10.854(1)(e)2, and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Somerset Gables Academy 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 Gables Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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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 Gables Academy. It is management's responsibility to monitor Somerset Gables Academy'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 such recommendations.

Transparency

Sections 10.854(1)(e)7 and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether Somerset Gables Academy 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 Gables Academy 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 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, School Board of Miami-Dade 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
November 12, 2025