



Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy)
W/L # 3033
(A Charter School under Somerset Academy, Inc.)

Homestead, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2025

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Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy)
(A Charter School under Somerset Academy, Inc.)
W/L # 3033
1000 Old Dixie Highway
Homestead, FL 33030

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

SCHOOL ADMINISTRATION

Idalia Suarez, Principal

OTHER NON-VOTING CORPORATE OFFICERS

Bernardo Montero, President
Suzette Ruiz, Vice-President



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy)
Homestead, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 September 15, 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 to solely 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 15, 2025

Management’s Discussion and Analysis
Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 year ended June 30, 2025.

Financial Highlights

1. The net position of the School as of June 30, 2025 was \$7,150,810.
2. At year-end, the School had current assets on hand of \$3,858,811.
3. The School had an increase in its net position of \$1,075,700 for the year ended June 30, 2025.
4. The unassigned fund balance at year end was \$3,009,600.

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 the 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 - 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, the net position was \$7,150,810 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	\$ 505,737	\$ 390,092
Investments	2,500,000	4,083,000
Prepaid expenses and other current assets	32,373	200,542
Due from other agencies	820,701	1,596,008
Due from Somerset Academy, Inc.	3,737,273	350,000
Capital assets, net	4,301,769	4,411,888
Total Assets	11,897,853	11,031,530
Deferred outflows of resources	-	-
Salaries and wages payable	346,717	321,241
Accounts payable and other accrued expenses	86,252	54,171
Compensated absences	205,059	198,507
Lease liability	4,109,015	4,382,501
Total Liabilities	4,747,043	4,956,420
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	192,754	29,387
Restricted	366,274	555,836
Unrestricted	6,591,782	5,489,887
Total Net Position	\$ 7,150,810	\$ 6,075,110

At the end of the fiscal year, 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 years ended June 30, 2025 and 2024 is as follows:

	2025	(As restated) 2024
REVENUES		
Program Revenues:		
Operating grants and contributions	\$ 1,062,010	\$ 1,846,699
Capital grants and contributions	700,539	491,613
Charges for services	108,246	127,371
General Revenues:		
State and local sources	6,532,553	7,688,299
Charges for services and other revenues	208,901	379,068
Total Revenues	<u>\$ 8,612,249</u>	<u>\$ 10,533,050</u>
EXPENSES		
Governmental Activities:		
Instruction	\$ 3,636,949	\$ 3,966,069
Student support services	181,872	193,553
Instructional staff training services	63,453	74,103
Board	43,417	40,912
School administration	1,096,527	937,613
General administration	-	101,852
Fiscal services	99,275	98,483
Food services	334,388	321,186
Central services	170,574	115,385
Student transportation services	10,289	12,047
Operation of plant	1,304,922	1,137,135
Maintenance of plant	294,387	181,678
Community services	87,582	104,856
Debt service	212,914	226,226
Total Expenses	<u>7,536,549</u>	<u>7,511,098</u>
Change in Net Position	1,075,700	3,021,952
Net Position at Beginning of Year	<u>6,075,110</u>	<u>3,053,158</u>
Net Position at End of Year	<u>\$ 7,150,810</u>	<u>\$ 6,075,110</u>

The School's revenues decreased by \$1,920,801 and expenses increased by \$25,451. The School had an increase in its net position of \$1,075,700 for the year.

School Location and Lease of Facility

The School leases a facility located at 1000 Old Dixie Highway, Homestead, Florida 33030.

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 \$3,128,428. The fund balance unassigned and available for spending at the School's discretion is \$3,009,600. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets as of June 30, 2025 amounts to \$542,963 (net of accumulated depreciation) and right of use lease asset (building) \$3,758,806 (net of accumulated amortization). This investment in capital assets includes right of use lease asset (building), lease hold improvements, furniture, fixtures and computer equipment. As of June 30, 2025, the School had long-term liabilities of \$4,109,015 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	\$ 390,333	\$ 392,077
Local sources	252,000	305,287	308,462
Federal sources	791,410	1,008,520	1,062,010
Charges for services	100,000	100,000	108,246
General Revenues			
State and local sources	6,573,698	7,135,417	7,321,390
Charges for services and other revenues	170,000	174,002	208,901
Total Revenues	<u>\$ 8,227,308</u>	<u>\$ 9,113,559</u>	<u>\$ 9,401,086</u>
CURRENT EXPENDITURES			
Instruction	\$ 3,622,861	\$ 3,690,288	\$ 3,551,994
Student support services	213,129	244,268	181,872
Instructional staff training services	119,700	81,192	80,338
Board	62,125	47,994	26,532
School administration	1,002,334	1,109,885	1,091,963
Fiscal services	99,750	99,696	99,275
Food services	406,745	432,686	333,699
Central services	150,050	181,496	170,574
Student transportation services	1,750	5,000	2,156
Operation of plant	966,732	971,405	950,403
Maintenance of plant	283,000	315,131	265,078
Community services	100,000	100,000	87,582
Total Current Expenditures	<u>\$ 7,028,176</u>	<u>\$ 7,279,041</u>	<u>\$ 6,841,466</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 Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy)
(A charter school under Somerset Academy, Inc.)

Statement of Net Position
June 30, 2025

	Primary Government
	Governmental Activities
<u>Assets</u>	
Current assets:	
Cash	\$ 505,737
Investments	2,500,000
Prepaid expenses and other current assets	32,373
Due from other agencies	820,701
Total Current Assets	<u>3,858,811</u>
Due from Somerset Academy, Inc.	3,737,273
Capital Assets, net:	
Capital assets, depreciable	1,079,614
Less: accumulated depreciation	(536,651)
Right-of-use lease asset	5,125,653
Less: accumulated amortization	(1,366,847)
Total Capital Assets, net	<u>4,301,769</u>
Total Assets	<u>11,897,853</u>
<u>Deferred Outflows of Resources</u>	
	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	346,717
Accounts payable and other accrued expenses	86,252
Compensated absences, current	123,035
Lease liability, current	287,478
Total Current Liabilities	<u>843,482</u>
Compensated absences	82,024
Lease liability	3,821,537
Total Liabilities	<u>4,747,043</u>
<u>Deferred Inflows of Resources</u>	
	<u>-</u>
<u>Net Position</u>	
Net investment in capital assets	192,754
Restricted - District Referendum Funds	86,455
Restricted - National School Lunch Program	279,819
Unrestricted	6,591,782
Total Net Position	<u>\$ 7,150,810</u>

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

Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy)
(A charter school under Somerset Academy, Inc.)

Statement of Activities
For the year ended June 30, 2025

Primary Government	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Instruction	\$ 3,636,949	\$ -	\$ 532,219	\$ -	\$ (3,104,730)
Student support services	181,872	-	-	-	(181,872)
Instructional staff training services	63,453	-	36,921	-	(26,532)
Board	43,417	-	-	-	(43,417)
School administration	1,096,527	-	37,193	-	(1,059,334)
Fiscal services	99,275	-	-	-	(99,275)
Food services	334,388	11,500	455,677	-	132,789
Central services	170,574	-	-	-	(170,574)
Student transportation services	10,289	-	-	-	(10,289)
Operation of plant	1,304,922	-	-	700,539	(604,383)
Maintenance of plant	294,387	-	-	-	(294,387)
Community services	87,582	96,746	-	-	9,164
Debt service	212,914	-	-	-	(212,914)
Total governmental activities	7,536,549	108,246	1,062,010	700,539	(5,665,754)
General revenues:					
State and local sources					6,532,553
Interest income					208,901
					1,075,700
Change in net position					1,075,700
Net position, beginning, as restated					6,075,110
Net position, ending					\$ 7,150,810

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

Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy)
(A charter school under Somerset Academy, Inc.)

Balance Sheet - Governmental Funds
June 30, 2025

	General Fund	Special Revenue Funds	Capital Project Fund	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 208,323	\$ 297,414	\$ -	\$ 505,737
Investments	2,500,000	-	-	2,500,000
Due from other agencies	788,837	-	31,864	820,701
Due from fund	31,864	-	-	31,864
Prepaid expenses and other current assets	32,373	-	-	32,373
Total Assets	<u>3,561,397</u>	<u>297,414</u>	<u>31,864</u>	<u>3,890,675</u>
<u>Deferred Outflows of Resources</u>				
	-	-	-	-
<u>Liabilities</u>				
Salaries and wages payable	346,717	-	-	346,717
Accounts payable and other accrued expenses	86,252	-	-	86,252
Due to fund	-	-	31,864	31,864
Total Liabilities	<u>432,969</u>	<u>-</u>	<u>31,864</u>	<u>464,833</u>
<u>Deferred Inflows of Resources</u>				
	-	-	-	-
<u>Fund balance</u>				
Nonspendable, not in spendable form	32,373	-	-	32,373
Restricted	86,455	279,819	-	366,274
Assigned	-	17,595	-	17,595
Unassigned	3,009,600	-	-	3,009,600
	<u>3,128,428</u>	<u>297,414</u>	<u>-</u>	<u>3,425,842</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,561,397</u>	<u>\$ 297,414</u>	<u>\$ 31,864</u>	<u>\$ 3,890,675</u>

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

Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 \$ 3,425,842

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	1,079,614	
Less: accumulated depreciation	(536,651)	
Right-of-use lease asset	5,125,653	
Less: accumulated amortization	<u>(1,366,847)</u>	4,301,769

Long term receivables from related party in governmental activities are not financial resources and therefore are not reported in the governmental funds. 3,737,273

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	(205,059)	
Lease liability	<u>(4,109,015)</u>	(4,314,074)

Total Net Position - Governmental Activities \$ 7,150,810

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

Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 Funds	Capital Project Fund	Total Governmental Funds
Revenues:				
State capital outlay funding	\$ -	\$ -	\$ 392,077	\$ 392,077
State passed through local	5,469,120	-	-	5,469,120
Local sources	1,852,270	-	308,462	2,160,732
Federal sources	-	1,062,010	-	1,062,010
Charges for services and other revenue	208,901	108,246	-	317,147
Total Revenues	7,530,291	1,170,256	700,539	9,401,086
Expenditures:				
Current				
Instruction	3,256,904	295,090	-	3,551,994
Student support services	181,538	-	-	181,538
Instructional staff training services	26,532	36,921	-	63,453
Board	43,417	-	-	43,417
School administration	1,054,770	37,193	-	1,091,963
Fiscal services	99,275	-	-	99,275
Food services	-	333,699	-	333,699
Central services	170,574	-	-	170,574
Student transportation services	2,156	-	-	2,156
Operation of plant	736,264	-	214,139	950,403
Maintenance of plant	265,078	-	-	265,078
Community services	-	87,582	-	87,582
Capital Outlay:				
Other capital outlay	365,832	-	-	365,832
Debt service:				
Redemption of principal	-	-	273,486	273,486
Interest	-	-	212,914	212,914
Total Expenditures	6,202,340	790,485	700,539	7,693,364
Excess (Deficit) of Revenues over Expenditures	1,327,951	379,771	-	1,707,722
Other financing sources (uses):				
Transfers in (out)	237,129	(237,129)	-	-
Advances to Somerset Academy, Inc.	(3,387,273)	-	-	(3,387,273)
Net change in fund balance	(1,822,193)	142,642	-	(1,679,551)
Fund Balance at beginning of year	4,950,621	154,772	-	5,105,393
Fund Balance at end of year	\$ 3,128,428	\$ 297,414	\$ -	\$ 3,425,842

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

Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 \$ (1,679,551)

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

Governmental funds report capital outlay 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. These amounts during the period were as follows:

Capital outlay	365,832	
Depreciation and amortization expense	<u>(475,951)</u>	(110,119)

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

Change in compensated absences	(6,552)	
Principal payments on long-term debt	<u>273,486</u>	266,934

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. This is the amount by which the increase in long-term receivables of \$3,387,273 exceeded collections of \$-0- in the current period.

3,387,273

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

Prior year revenues recognized this year at the fund level		<u>(788,837)</u>
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Change in Net Position of Governmental Activities \$ 1,075,700

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Somerset Oaks Leadership & Innovation prior to July 1, 2025 was formally known as Somerset Oaks 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, Florida Not-For-Profit Corporation Act. The governing body of the School is the board 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 December 30, 2025 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 Homestead, Florida for students from kindergarten through eighth grade and is funded by the District. These financial statements are for the year ended June 30, 2025, when an average 627 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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) revenue 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 national school lunch program, and other funding that are legally restricted to expenditures for particular purposes. Also, accounts for resources of the School's Internal Fund, which is used to administer monies collected in connection with school, student athletics, class, and club activities.

Capital Projects Fund – is used to account for the resources restricted for the acquisition or construction of specific capital assets and for state capital outlay funding that are legally restricted to expenditures for particular purposes.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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. 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.

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)

Prepaid Expenses and Other Current Assets

Prepaid expenses 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.

Cash and Investments

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

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 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 disposed, the cost and applicable accumulated depreciation are removed from the respective 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.

Note 1 – Summary of Significant Accounting Policies (continued)

The right of 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 of 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)	14 Years
Improvements	10-14 Years
Furniture, Fixtures and Equipment	5-7 Years

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.

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP.

Note 1 – Summary of Significant Accounting Policies (continued)

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

Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made. 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.

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.

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 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 balances that do not meet the definition of "restricted" or "net investment in capital assets".

Note 1 – Summary of Significant Accounting Policies (continued)

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 listed 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 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 the National School Lunch Program and unspent local 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 are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. The assigned fund balances at year end pertains 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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 September 15, 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.

Note 2 – Cash and Investments (continued)

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 \$429,000.

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 \$2,640,000 invested in a governmental money market mutual fund that is exempt from GASB 72 fair value hierarchy disclosures. The governmental money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of June 30, 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.

Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy)
(A charter school under Somerset Academy, Inc.)
Notes to Financial Statements
June 30, 2025

Note 3 – Due from Other Agencies

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

<u>Funding Source</u>	<u>Fund</u>	
Due from Miami-Dade County Public Schools, referendum	General Fund	\$ 788,837
Capital Outlay	Capital Projects Fund	<u>31,864</u>
Total Due from Other Agencies		<u>\$ 820,701</u>

Note 4 – 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:

	<u>Balance 07/01/24</u>	<u>Additions</u>	<u>Reclass and Retirements</u>	<u>Balance 06/30/25</u>
Capital Assets, depreciable:				
Improvements	\$ 185,038	\$ 112,723	\$ -	\$ 297,761
Furniture, fixtures and equipment	<u>528,744</u>	<u>253,109</u>	<u>-</u>	<u>781,853</u>
Total Capital Assets	<u>713,782</u>	<u>365,832</u>	<u>-</u>	<u>1,079,614</u>
Less Accumulated Depreciation:				
Improvements	(113,217)	(28,575)	-	(141,792)
Furniture, fixtures and equipment	<u>(289,193)</u>	<u>(105,666)</u>	<u>-</u>	<u>(394,859)</u>
Total Accumulated Depreciation	<u>(402,410)</u>	<u>(134,241)</u>	<u>-</u>	<u>(536,651)</u>
Total Capital Assets, being depreciated, net	\$ 311,372	\$ 231,591	\$ -	\$ 542,963
Lease Assets:				
Right of use leased asset (building)	\$ 5,125,653	\$ -	\$ -	\$ 5,125,653
Less accumulated amortization:	<u>(1,025,137)</u>	<u>(341,710)</u>	<u>-</u>	<u>(1,366,847)</u>
Total Lease Assets being amortized, net	<u>4,100,516</u>	<u>(341,710)</u>	<u>-</u>	<u>3,758,806</u>
Governmental Activities Capital Assets, net	<u>\$ 4,411,888</u>	<u>\$ (110,119)</u>	<u>\$ -</u>	<u>\$ 4,301,769</u>

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	\$ 81,350	\$ -
Food services	689	-
School administration	1,951	-
Student transportation service	8,133	-
Operation of plant	12,809	341,710
Maintenance of plant	<u>29,309</u>	<u>-</u>
Total Expense	<u>\$ 134,241</u>	<u>\$ 341,710</u>

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 calls for a fee on a per student basis.

The agreement is with Somerset Academy, Inc. 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 \$297,825 in fees.

Note 6 – Transactions 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 \$93,976 to the Corporation for these shared costs.

The School has made a long-term, non-interest bearing advances to the corporate account of Somerset Academy, Inc. The following schedule provides a summary of changes in long-term advances for the year ended June 30, 2025:

	Balance 07/01/24	Increases	Decreases	Balance 06/30/25
Somerset Academy, Inc.	<u>\$ 350,000</u>	<u>\$ 3,387,273</u>	<u>\$ -</u>	<u>\$ 3,737,273</u>
Total Long Term Receivables	<u>\$ 350,000</u>	<u>\$ 3,387,273</u>	<u>\$ -</u>	<u>\$ 3,737,273</u>

Note 7 – Interfund Transfer

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

	General Fund	Special Revenue Fund	Capital Outlay Fund
To reimburse general fund for prior period's federal expenditures	<u>\$ 237,129</u>	<u>\$ (237,129)</u>	<u>\$ -</u>
Total Transfers, net	<u>\$ 237,129</u>	<u>\$ (237,129)</u>	<u>\$ -</u>

Due from/(Due to) fund balances are as follows:

Due to General Fund from Capital Projects Fund for capital outlay	<u>\$ 31,864</u>	<u>\$ -</u>	<u>\$ (31,864)</u>
Total Due from/(Due to)	<u>\$ 31,864</u>	<u>\$ -</u>	<u>\$ (31,864)</u>

Note 8 – Long-Term Liabilities

The School has entered into a lease agreement with Somerset Academy Foundation, Inc., as landlord. 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. The School shall pay the organization an amount of \$800 per student per annum. The initial term of the lease is through June 30, 2036. The School shall have the option to renew for two additional five-year terms.

The School used an average effective interest rate of 5% to discount the annual lease payments to recognize the right of use asset and the lease liability.

For the year ended June 30, 2025, interest expense totaled \$212,914, as it relates to its lease agreement. Variable and other lease payments of \$138,486 not previously included in the measurement of the lease liability were recorded in rent expense during the year.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2026	\$ 287,478	\$ 198,922	\$ 486,400	
2027	302,186	184,214	486,400	
2028	317,646	168,754	486,400	
2029	333,898	152,502	486,400	
2030	350,980	135,420	486,400	
2031-2035	2,043,348	388,652	2,432,000	(Total for a five year period.)
2036	473,479	12,921	486,400	
	<u>\$ 4,109,015</u>	<u>\$ 1,241,385</u>	<u>\$ 5,350,400</u>	

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

	<u>Balance 07/01/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/25</u>
Lease Liability	<u>\$ 4,382,501</u>	<u>\$ -</u>	<u>\$ (273,486)</u>	<u>\$ 4,109,015</u>
	<u>\$ 4,382,501</u>	<u>\$ -</u>	<u>\$ (273,486)</u>	<u>\$ 4,109,015</u>

Note 9 – Contingencies and Concentrations

The School receives the majority 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% of the qualifying revenues of the School. For the year ended June 30, 2025, administrative fees withheld by the School District totaled \$103,216.

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 Schools total referendum revenues were approximately \$1,060,000 or 12% of total revenues.

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 for the past three years. In addition, there were no reductions in insurance coverage from those in the prior year. The School's debt agreements contain various covenants, restrictions and financial test requirements. In the event of default, the maturity can be accelerated and/or the underlying collateral may be subject to foreclosure.

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”), School provides a match of 100% of the employee’s contribution up to 4% employee compensation. The School contributed to the Plan \$126,518 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
Net position (deficit), beginning	\$ 3,053,158		\$ 3,053,158
Change in net position	3,220,459	(198,507)	3,021,952
Net position (deficit), ending	<u>\$ 6,273,617</u>	<u>\$(198,507)</u>	<u>\$ 6,075,110</u>

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

	Balance 07/01/24	Additions*	Decreases	Balance 06/30/25
Compensated absences	<u>\$ 198,507</u>	<u>\$ 6,552</u>	<u>\$ -</u>	<u>\$ 205,059</u>
	<u>\$ 198,507</u>	<u>\$ 6,552</u>	<u>\$ -</u>	<u>\$ 205,059</u>

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

Current	\$ 123,035
Long term	<u>82,024</u>
	<u>\$ 205,059</u>

REQUIRED SUPPLEMENTARY INFORMATION

Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks 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	\$ 5,280,602	\$ 5,426,727	\$ 5,469,120
Local sources	1,293,096	1,708,690	1,852,270
Charges for services and other revenue	170,000	174,002	208,901
Total Revenues	6,743,698	7,309,419	7,530,291
EXPENDITURES			
Current:			
Instruction	3,375,701	3,296,586	3,256,904
Student support services	213,129	205,918	181,538
Instructional staff Training	81,350	81,192	43,417
Board	62,125	47,994	26,532
School administration	1,002,334	1,071,060	1,054,770
Fiscal services	99,750	99,696	99,275
Central services	150,050	181,496	170,574
Student transportation services	1,750	5,000	2,156
Operation of plant	746,580	751,253	736,264
Maintenance of plant	283,000	315,131	265,078
Total Current Expenditures	6,015,769	6,055,326	5,836,508
Excess/(Deficit) of Revenues Over Current Expenditures	727,929	1,254,093	1,693,783
Capital Outlay			
Other Capital Outlay	320,000	382,524	365,832
Total Capital Outlay and Debt Service Expenditures	320,000	382,524	365,832
Total Expenditures	6,335,769	6,437,850	6,202,340
Excess/(Deficit) of Revenues Over Expenditures	407,929	871,569	1,327,951
Other financing sources (uses):			
Transfers in (out)	(41,171)	68,051	237,129
Due from Somerset Academy, Inc.	-	(3,387,273)	(3,387,273)
Net change in fund balance	366,758	(2,447,653)	(1,822,193)
Fund Balance at beginning of year	4,950,621	4,950,621	4,950,621
Fund Balance at end of year	\$ 5,317,379	\$ 2,502,968	\$ 3,128,428

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 Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 Funds		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 791,410	\$ 1,008,520	\$ 1,062,010
Charges for services	100,000	100,000	108,246
Total Revenues	<u>891,410</u>	<u>1,108,520</u>	<u>1,170,256</u>
EXPENDITURES			
Current:			
Instruction	247,160	393,702	295,090
Instructional staff training	38,350	38,350	36,921
School administration	-	38,825	37,193
Food services	406,745	432,686	333,699
Community services	100,000	100,000	87,582
Total Current Expenditures	<u>792,255</u>	<u>1,003,563</u>	<u>790,485</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>99,155</u>	<u>104,957</u>	<u>379,771</u>
Total Expenditures	<u>792,255</u>	<u>1,003,563</u>	<u>790,485</u>
Excess/(Deficit) of Revenues Over Expenditures	99,155	104,957	379,771
Other financing sources (uses):			
Transfers in (out)	<u>(99,155)</u>	<u>(104,957)</u>	<u>(237,129)</u>
Net change in fund balance	-	-	142,642
Fund Balance at beginning of year	<u>154,772</u>	<u>154,772</u>	<u>154,772</u>
Fund Balance at end of year	<u>\$ 154,772</u>	<u>\$ 154,772</u>	<u>\$ 297,414</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 Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy)
Homestead, 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 Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 September 15, 2025.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal controls. 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 may exist that have not been 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We issued a separate management letter pursuant to Chapter 10.850, Rules of the Auditor General dated September 15, 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 15, 2025



MANAGEMENT LETTER

To the Board of Directors of
Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy)
Homestead, Florida

Report on the Financial Statements

We have audited the financial statements of Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy), Homestead, Florida, as of and for the fiscal year ended June 30, 2025 and have issued our report thereon dated September 15, 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 September 15, 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 and recommendation 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 Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy), (W/L #3033).

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 Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy) did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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Financial Condition and Management (continued)

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 Oaks Leadership & Innovation (f/k/a Somerset Oaks Academy). It is management’s responsibility to monitor Somerset Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 Oaks Leadership & Innovation (f/k/a Somerset Oaks 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 Oaks Leadership & Innovation (f/k/a Somerset Oaks 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
September 15, 2025