

**TRUE NORTH CLASSICAL ACADEMY SOUTH**  
MIAMI, FLORIDA  
(A COMPONENT UNIT OF THE SCHOOL BOARD  
OF MIAMI-DADE COUNTY, FLORIDA)

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

JUNE 30, 2019

**TRUE NORTH CLASSICAL ACADEMY SOUTH**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2019**

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

7900 SW 85<sup>th</sup> Street  
Miami, FL 33173  
(305)749-5725

2018-2019

**BOARD OF DIRECTORS**

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

**SCHOOL ADMINISTRATION**

Dr. Marc Snyder, Headmaster



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
True North Classical Academy South  
Miami, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, and each major fund of True North Classical Academy South (the "School"), a charter school under True North Classical Academy, Inc., and a component unit of the District School Board of Miami-Dade County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2019, 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.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 and budgetary comparison information on pages 23 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2019, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 11, 2019

**Management's Discussion and Analysis**  
True North Classical Academy South  
June 30, 2019

The corporate officers of True North Classical Academy South (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2019, the first full year of operations.

**FINANCIAL HIGHLIGHTS**

1. During its first year of operations, the School had a decrease in its net position of \$36,613 for the year ended June 30, 2019.
2. At year-end, the School had current assets of \$396,860.
3. The School's fund balance decreased by \$72,786 and had a fund balance deficit of \$79,181 at June 30, 2019.

*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, 2019 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

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

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

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

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

*Fund Financial Statements*

A "fund" is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements.

**Management's Discussion and Analysis**  
 True North Classical Academy South  
 June 30, 2019

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

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

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

*Notes to Financial Statements*

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 16 - 22 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2019 follows:

<b>Assets</b>	2019
Cash	\$ 396,860
Capital assets, net	207,796
<b>Total Assets</b>	<b>\$ 604,656</b>
<b>Liabilities and Net Position</b>	
Accounts and wages payable and accrued liabilities	\$ 33,129
Loan payable	171,623
Deferred revenue	325,000
Due to True North Classical Academy, Inc.	117,912
<b>Total Liabilities</b>	647,664
Net investment in capital assets	36,173
Deficit in unrestricted	(79,181)
<b>Total Net Position (Deficit)</b>	<b>(43,008)</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 604,656</b>

At June 30, 2019, the School's total assets were \$604,656 and total liabilities were \$647,664. At June 30, 2019, the School reported total net position deficit of \$43,008. This was the School's first year of operations. The School made significant investments in curriculum, academic programs and facilities to ensure future success.



**Management's Discussion and Analysis**  
 True North Classical Academy South  
 June 30, 2019

At June 30, 2019, the School's total assets were \$604,656 and total liabilities were \$647,664. At June 30, 2019, the School reported total net position deficit of \$43,008. This was the School's first year of operations. The School made significant investments in curriculum, academic programs and facilities to ensure future success.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2019 follows:

<b>REVENUES</b>	2019
Program Revenues	
Federal grants	\$ 101,118
Charges for services and other grants	16,384
General Revenues	
FEFP nonspecific revenue	533,351
Fundraising & other revenue	42,228
Total Revenues	693,081
<b>EXPENSES</b>	
Instruction	354,503
Instructional staff training services	29,908
Board	3,102
General administration	39,813
School administration	83,794
Fiscal services	7,435
Food services	16,891
Pupil transportation services	870
Operation of plant	184,506
Administrative technical services	4,315
Interest expense	4,557
Total Expenses	729,694
Change in Net Position	(36,613)
<b>Net Position (deficit) at Beginning of Year</b>	<b>(6,395)</b>
<b>Net Position (deficit) at End of Year</b>	<b>\$ (43,008)</b>

The School's total revenues for the year ended June 30, 2019 were \$693,081 while its total expenses were \$729,694 for a net decrease of \$36,613. This was the School's first full year of operations.

**Management's Discussion and Analysis**  
True North Classical Academy South  
June 30, 2019

**ACCOMPLISHMENTS**

True North Classical Academy South opened its doors to an overwhelming demand of parents for a classical education. Parents are most appreciative of the classical education, culture and environment that holds that the purpose of education is moral virtue and academic excellence. This was reflective in our parent year end surveys where 100% of parents rated the school an A or B on the questions of: "True North positively shaped their children's character", "I would highly recommend True North to a family or friend", and "My child likes attending True North" Parents understand the importance of character formation, especially in the younger years. We are happy to continue our True North mission with this new campus by bringing the best of what education can offer to as many students as possible.

**SCHOOL LOCATION**

The School operates in the Miami area located at 7900 SW 85<sup>th</sup> Street, Miami, FL 33173.

**CAPITAL IMPROVEMENT REQUIREMENT**

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

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

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

**GOVERNMENTAL FUNDS**

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

At the end of the fiscal year, the School's governmental funds had a decrease in fund balance of \$72,786 and reported a combined fund deficit of \$79,181 in its first full year of operations.

**CAPITAL ASSETS**

The School's investment in capital assets, as of June 30, 2019, amounts to \$207,796 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements and furniture, fixtures and equipment.

**LOAN PAYABLE**

The School entered into a note payable with Building Hope, a Charter School Facilities Fund, for the amount of \$189,294. The note bears interest at six percent (6%) per year and has a maturity date of January 1, 2023. The School made principal payments of \$17,671 and the outstanding balance at June 30, 2019 was \$171,623.

**Management's Discussion and Analysis**  
 True North Classical Academy South  
 June 30, 2019

**GOVERNMENTAL FUND BUDGET ANALYSIS**

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

	All Governmental Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 537,449	\$ 537,449	\$ 533,351
Federal grants	57,000	57,000	101,118
Charges for services and other grants	11,704	11,704	16,384
Fundraising and other income	13,500	13,500	42,228
<b>TOTAL REVENUES</b>	<b>619,653</b>	<b>619,653</b>	<b>693,081</b>
<b>EXPENDITURES</b>			
Instruction	195,076	195,076	354,503
Instructional staff training services	40,300	40,300	29,908
Board	9,440	9,440	3,102
General administration	-	-	39,813
School administration	92,098	92,098	83,794
Fiscal services	33,534	33,534	7,435
Food services	22,017	22,017	16,891
Pupil transportation services	-	-	870
Operation of plant	24,025	24,025	176,704
Administrative technical services	2,046	2,046	4,315
Capital Outlay:			
Other capital outlay	-	-	215,598
Debt Service:			
Redemption of principal	-	-	17,671
Interest	-	-	4,557
<b>TOTAL EXPENDITURES</b>	<b>418,536</b>	<b>418,536</b>	<b>955,161</b>
Excess (Deficit) of revenues over expenditures	201,117	201,117	(262,080)
Other financing sources	-	-	-
Net change in fund balance	<b>\$ 201,117</b>	<b>\$ 201,117</b>	<b>\$ (262,080)</b>

**REQUESTS FOR INFORMATION**

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 396,860
<b>TOTAL CURRENT ASSETS</b>	<u>396,860</u>
<b>CAPITAL ASSETS</b>	
Improvements other than buildings	189,295
Less accumulated depreciation	(2,892)
Furniture and equipment	26,303
Less accumulated depreciation	(4,910)
<b>Total capital assets, net</b>	<u>207,796</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 604,656</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 5,942
Accrued wages payable	27,187
Deferred revenue	325,000
Due to True North Classical Academy, Inc.	117,912
Loan payable - current portion	44,254
	<u>520,295</u>
Loan payable - Long term portion	127,369
<b>TOTAL LIABILITIES</b>	<u>647,664</u>
<b>NET POSITION (DEFICIT)</b>	
Invested in capital assets, net of related debt	36,173
Deficit in unrestricted	(79,181)
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>(43,008)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 604,656</u></u>

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 354,503	\$ -	\$ 101,118	\$ -	\$ (253,385)
Instructional staff training services	29,908	-	-	-	(29,908)
Board	3,102	-	-	-	(3,102)
General administration	39,813	-	-	-	(39,813)
School administration	83,794	-	-	-	(83,794)
Fiscal services	7,435	-	-	-	(7,435)
Food services	16,891	16,384	-	-	(507)
Pupil transportation services	870	-	-	-	(870)
Operation of plant	184,506	-	-	-	(184,506)
Administrative technical services	4,315	-	-	-	(4,315)
Interest expense	4,557	-	-	-	(4,557)
<b>Total Governmental Activities</b>	<b>\$ 729,694</b>	<b>\$ 16,384</b>	<b>\$ 101,118</b>	<b>\$ -</b>	<b>\$ (612,192)</b>

GENERAL REVENUES:

Government grants not restricted to specific programs	533,351
Fundraising and other revenue	42,228
Total general revenues	<u>575,579</u>

Change in Net Position (36,613)

NET POSITION (DEFICIT) - BEGINNING (6,395)

NET POSITION (DEFICIT) - ENDING \$ (43,008)

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH  
BALANCE SHEET- GOVERNMENTAL FUNDS  
JUNE 30, 2019**

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	<u>Governmental Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 396,860
<b>TOTAL ASSETS</b>	<u>\$ 396,860</u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 5,942
Accrued wages payable	27,187
Deferred revenue	325,000
Due to True North Classical Academy, Inc.	117,912
<b>TOTAL LIABILITIES</b>	<u>476,041</u>
<b>FUND BALANCE (DEFICIT)</b>	
Deficit in unassigned	(79,181)
<b>TOTAL FUND BALANCE (DEFICIT)</b>	<u>(79,181)</u>
<b>TOTAL LIABILITIES AND FUND DEFICIT</b>	<u>\$ 396,860</u>

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

TRUE NORTH CLASSICAL ACADEMY SOUTH  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019

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Total Fund Balance (deficit) - Governmental Funds \$ (79,181)

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

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

Capital assets	215,598
Accumulated depreciation	(7,802)

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

Loan payable	(171,623)
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Total Net Position (deficit) - Governmental Activities \$ (43,008)

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Funds	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>			
State passed through local	\$ 533,351	\$ -	\$ 533,351
Federal grants	-	101,118	101,118
Charges for services and other grants	16,384	-	16,384
Fundraising and other income	42,228	-	42,228
<b>TOTAL REVENUES</b>	<b>591,963</b>	<b>101,118</b>	<b>693,081</b>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Instruction	253,385	101,118	354,503
Instructional staff training services	29,908	-	29,908
Board	3,102	-	3,102
General administration	39,813	-	39,813
School administration	83,794	-	83,794
Fiscal services	7,435	-	7,435
Food services	16,891	-	16,891
Pupil transportation services	870	-	870
Operation of plant	176,704	-	176,704
Administrative technical services	4,315	-	4,315
<b>Capital Outlay:</b>			
Other capital outlay	215,598	-	215,598
<b>Debt Service:</b>			
Redemption of principal	17,671	-	17,671
Interest	4,557	-	4,557
<b>TOTAL EXPENDITURES</b>	<b>854,043</b>	<b>101,118</b>	<b>955,161</b>
Excess of expenditures over revenues	(262,080)	-	(262,080)
<b>OTHER FINANCING SOURCES</b>			
Proceeds from long-term financing and advances	189,294	-	189,294
Total other financing sources	189,294	-	189,294
<b>NET CHANGE IN FUND BALANCE</b>	<b>(72,786)</b>	<b>-</b>	<b>(72,786)</b>
Fund deficit at beginning of year	(6,395)	-	(6,395)
Fund deficit at end of year	<b>\$ (79,181)</b>	<b>\$ -</b>	<b>\$ (79,181)</b>

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



**TRUE NORTH CLASSICAL ACADEMY SOUTH  
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, 2019**

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Change in Fund Balance - Governmental Funds \$ (72,786)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	215,598
Depreciation expense	(7,802)

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

Redemption of principal	17,671
Proceeds from financing	(189,294)

Change in Net Position of Governmental Activities	\$ (36,613)
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The accompanying notes are an integral part of this financial statement.

**TRUE NORTH CLASSICAL ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Reporting Entity**

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

The basic financial statements of the School present only the balances, activity, and disclosures related to the School. The basic financial statements do not purport to, and do not, present fairly the financial position of the Organization as of June 30, 2019, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Miami-Dade County, Florida. The current charter is effective until June 30, 2023. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed for up to an additional 5 years by mutual agreement.

These financial statements are for the year ended June 30, 2019, when approximately 78 students were enrolled in grades K – 2.

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

**Basis of Presentation**

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

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

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

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Fund Financial Statements*

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

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

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

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

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

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

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

**Budgetary Basis Accounting**

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

Cash and Cash Equivalents

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation and Amortization

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

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

Compensated Absences

All full time employees are eligible for paid time off (PTO). Temporary and part-time employees are not eligible. PTO accumulates in relationship to all regular hours actually worked. Salaried employees will be granted PTO within the contract/agreement with the organization. If an employee uses all PTO allotted to them, any additional sick days will be without pay.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated days available to be used in future benefit years.

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

Government-wide Fund Net Position

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

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2019, was \$36,173.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2019 was \$0.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

**TRUE NORTH CLASSICAL ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

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

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2019, there is no nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2019, there is no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2019, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2019, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First, Non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2019, there are no minimum fund balance requirements for any of the School’s funds.

Revenue Sources

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

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

**TRUE NORTH CLASSICAL ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

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

Use of Estimates

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

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 11, 2019, which is the date the financial statements were available to be issued.

NOTE 3 – CAPITAL ASSETS

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2019:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Capital Assets				
Improvements other than building	\$ -	\$ 189,295	\$ -	\$ 189,295
Furniture & equipment	-	26,303	-	26,303
Total Capital Assets	-	215,598	-	215,598
Less Accumulated Depreciation				
Improvements other than building	-	(2,892)	-	(2,892)
Furniture & equipment	-	(4,910)	-	(4,910)
Total Accumulated Depreciation	-	(7,802)	-	(7,802)
Capital Assets, net	\$ -	\$ 207,796	\$ -	\$ 207,796

Depreciation expense for the year ended June 30, 2019, was \$7,802, which is allocated to operation of plant.

**TRUE NORTH CLASSICAL ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

True North Classical Academy, Inc. entered into an agreement in April 2018 to lease facilities. The School's required monthly lease payments are \$10,000 commencing September 1, 2018 through August 31, 2023. For the year ended June 30, 2019, the amount paid by the School for the use of the facilities and services was \$100,000.

Estimated future minimum lease payments are as follows:

<u>Years Ended June 30,</u>	
2020	120,000
2021	120,000
2022	120,000
2023	120,000
Total	<u>\$ 480,000</u>

**NOTE 5 –LOAN PAYABLE**

The School entered into a note payable with Building Hope, a Charter School Facilities Fund, for the amount of \$189,294. The note bears interest at six percent (6%) per year and has a maturity date of January 1, 2023. The School made principal payments of \$17,671 and the outstanding balance at June 30, 2019 was \$171,623.

	<u>Balance at 7/1/2018</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance at 6/30/2019</u>
Loan payable - Building Hope	\$ -	\$ 189,294	\$ (17,671)	\$ 171,623
	<u>\$ -</u>	<u>\$ 189,294</u>	<u>\$ (17,671)</u>	<u>\$ 171,623</u>

Estimated future payments are as follows:

<u>Years Ended June 30,</u>	
2020	\$ 44,254
2021	46,983
2022	49,881
2023	30,505
	<u>\$ 171,623</u>

**NOTE 6 – TRANSACTIONS WITH RELATED PARTIES**

The School reported a payable of \$117,912 as of June 30, 2019 due to the Organization. This amount consists of advances and repayments from the Organization to the School or vice versa. The following schedule provides a summary of changes for the year ended June 30, 2019:

	<u>Balance at 7/1/2018</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance at 6/30/2019</u>
Due to True North Classical Academy Inc.	\$ -	\$ 117,912	\$ -	\$ 117,912
	<u>\$ -</u>	<u>\$ 117,912</u>	<u>\$ -</u>	<u>\$ 117,912</u>

**TRUE NORTH CLASSICAL ACADEMY SOUTH  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**NOTE 7 – DEPOSITS POLICY AND CREDIT RISK**

It is the School's policy to maintain its cash and cash equivalents in major banks and in high grade investments. As of June 30, 2019, the carrying amount of the School's operating cash deposit accounts was \$396,860. The balance held in the financial institution exceeds the Federal Depository Insurance Corporation (FDIC) limit of \$250,000.

**NOTE 8 – GRANTS**

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

**NOTE 9 – RISK MANAGEMENT**

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



REQUIRED SUPPLEMENTAL INFORMATION

**TRUE NORTH CLASSICAL ACADEMY SOUTH**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local	\$ 537,449	\$ 537,449	\$ 533,351
Charges for services and other grants	11,704	11,704	16,384
Fundraising and other income	13,500	13,500	42,228
<b>TOTAL REVENUES</b>	<b>562,653</b>	<b>562,653</b>	<b>591,963</b>
<b>EXPENDITURES</b>			
Instruction	138,076	138,076	253,385
Instructional staff training services	40,300	40,300	29,908
Board	9,440	9,440	3,102
General administration	-	-	39,813
School administration	92,098	92,098	83,794
Fiscal services	33,534	33,534	7,435
Food services	22,017	22,017	16,891
Pupil transportation services	-	-	870
Operation of plant	24,025	24,025	176,704
Administrative technical services	2,046	2,046	4,315
Other capital outlay	-	-	215,598
Debt service	-	-	22,228
<b>TOTAL EXPENDITURES</b>	<b>361,536</b>	<b>361,536</b>	<b>854,043</b>
Change in fund balance before other financing sources	201,117	201,117	(262,080)
Other financing sources	-	-	189,294
<b>Net change in fund balance</b>	<b>\$ 201,117</b>	<b>\$ 201,117</b>	<b>\$ (72,786)</b>

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY SOUTH**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal grants	\$ 57,000	\$ 57,000	\$ 101,118
TOTAL REVENUES	<u>57,000</u>	<u>57,000</u>	<u>101,118</u>
EXPENDITURES			
Instruction	57,000	57,000	101,118
TOTAL EXPENDITURES	<u>57,000</u>	<u>57,000</u>	<u>101,118</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**TRUE NORTH CLASSICAL ACADEMY CHARTER SCHOOL  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

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NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2019, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

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

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



Verdeja • De Armas • Trujillo

Certified Public Accountants and Advisors

Manny Alvarez, C.P.A.  
Monique Bustamante, C.P.A.  
Pedro M. De Armas, C.P.A.  
Eric E. Santa Maria, C.P.A.  
Alejandro M. Trujillo, C.P.A.  
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Tab Verdeja, C.P.A.

Michelle del Sol, C.P.A.  
Tommy Trujillo, C.P.A.  
Javier Verdeja, C.P.A.

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

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Board of Directors of  
True North Classical Academy South  
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of True North Classical Academy South (the “School”), as of and for the year ended June 30, 2019 , 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 11, 2019.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

A handwritten signature in blue ink that reads "Veedy-DeAnna Tarjile". The signature is written in a cursive, flowing style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 11, 2019



Verdeja • De Armas • Trujillo

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## MANAGEMENT LETTER

Board of Directors of  
True North Classical Academy South  
Miami, Florida

### **Report on the Financial Statements**

We have audited the financial statements of True North Classical Academy South (the “School”), a non-major component unit of the District School Board of Miami-Dade County, Florida, as of and for the fiscal year ended June 30, 2019 , and have issued our report thereon dated September 11, 2019.

### **Auditor’s Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated September 11, 2019, 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 is no preceding audit report as the School is in its first full year of operations.

### **Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the School code assigned by the Florida Department of Education be disclosed in this management letter. The official title and school code of the entity is True North Classical Academy South, 131002.

## **Financial Condition and Management**

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2019 is not deteriorating.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we would like to bring the following to the attention of the governing body of the School:

### 2019-1: Total fund balance deficit

#### Criteria

Pursuant to Sections 218.39(5), Florida Statutes, the auditor must notify each member of the governing body for which a fund balance deficit in total or for that portion of a fund balance not classified as restricted, committed, or nonspendable, or a total or unrestricted net assets deficit, as reported on the fund financial statements of entities required to report under governmental financial reporting standards or on the basic financial statements of entities required to report under not-for-profit financial reporting standards, for which sufficient resources of the local governmental entity, charter school, charter technical career center, or district school board, as reported on the fund financial statements, are not available to cover the deficit.

#### Condition

The School has a total fund balance deficit of \$79,181 and a deficit in total net position of \$43,008 at June 30, 2019.

#### Cause

The 2018-19 school year was the School's 1<sup>st</sup> year of operations and the School had a lower than projected enrollment which decreased the budget. In addition, the School had start-up costs that exceeded the budgeted amounts. However, these start-up costs were all one time costs and should not occur in the subsequent years.

#### Effect

The School has a total fund balance deficit of \$79,181 and a deficit in total net position of \$43,008 at June 30, 2019.



Recommendation

The School needs to continue to properly budget its expected expenditures and revenues for the following school year so that it can continue to improve its financial position.

Management's Response

The 2018-19 school year was the School's first year of operations. Typically, schools during their first year incur many startup expenses that maximize their return throughout several years. The School's actual enrollment of approximately 78 students was lower than the projected enrollment in the current fiscal year, which caused a decrease in funding received from the state through the local district school board. Even though the school was at a deficit by the end of the fiscal year, the School increased its enrollment by approximately 84% for the 2019-2020 fiscal year to 143 students, which has increased its FEFP funding for the 2019-2020 school year. This should allow the School to recover from its operating deficit.

Based on these additional funding sources and implementation of additional academic resources, the School is projected to recover financially and improve its academic performance.

**Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

**Additional Matters**

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

**Purpose of this Letter**

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 11, 2019