



Somerset Academy Bay
WL# 5062
(A Charter School under Somerset Academy, Inc.)

Miami, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2025

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Somerset Academy Bay
(A charter school under Somerset Academy, Inc.)
W/L# 5062
9500 SW 97th Avenue
Miami, Florida 33176

2024-2025

BOARD OF DIRECTORS

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

OTHER NON-VOTING OFFICERS:

Bernardo Montero, President
Suzette Ruiz, Vice-President

SCHOOL ADMINISTRATION

Saili Hernandez, Principal



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Somerset Academy Bay
Miami, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Somerset Academy Bay (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 Academy Bay as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Somerset Academy, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Emphasis of a Matter – Presentation

As described in Note 1, the accompanying financial statements referred to above present only the financial position and change in financial position of Somerset Academy Bay 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 Academy Bay
(A Charter school Under Somerset Academy, Inc.)
June 30, 2025

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

Financial Highlights

1. The net position of the School at June 30, 2025 was \$4,846,979.
2. At year-end, the School had current assets on hand of \$4,963,556.
3. The School had an increase in its net position of \$1,267,705 during the year.
4. The unassigned fund balance at year end was \$4,307,529.

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 or fiduciary 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, net position was \$4,846,979 at the close of the fiscal year. A summary of the School's net position as of June 30, 2025 and 2024 follows:

		(As restated)
	2025	2024
Cash	\$ 550,037	\$ 226,470
Investments	3,800,000	2,770,000
Prepaid expenses and other current assets	38,314	47,673
Due from other agencies	575,205	1,088,168
Due from Somerset Academy, Inc.	521,186	-
Capital and right of use assets, net	4,903,404	5,206,376
Total Assets	10,388,146	9,338,687
Deferred outflows of resources	-	-
Accounts payable and other accrued liabilities	246,433	256,522
Compensated absences	156,380	139,319
Lease liability	5,138,354	5,363,572
Total Liabilities	5,541,167	5,759,413
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets	(234,950)	(157,196)
Restricted - District Referendum Funds	321,401	233,028
Unrestricted	4,760,528	3,503,442
Total Net Position	\$ 4,846,979	\$ 3,579,274

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

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

	2025	(As restated) 2024
REVENUES		
Program Revenues:		
Operating grants and contributions	\$ 458,069	\$ 705,277
Capital grants and contributions	468,120	338,125
Charges for services and other revenues	313,421	330,308
General Revenues:		
State and local sources	4,264,482	5,425,886
Charges for services	147,515	185,247
Other revenues	221,216	391,540
Total Revenues	\$ 5,872,823	\$ 7,376,383
EXPENSES		
Instruction	\$ 2,377,048	\$ 2,801,237
Student support services	38,231	36,406
Instructional staff training services	39,849	28,155
Board	34,347	31,925
General administration	-	40,330
School administration	434,045	494,763
Fiscal services	64,917	69,825
Food services	136,060	146,190
Central services	101,822	88,934
Operation of plant	741,469	929,574
Maintenance of plant	266,377	199,433
Community services	225,329	244,899
Debt service	145,624	152,170
Total Expenses	4,605,118	5,263,841
Change in Net Position	1,267,705	2,112,542
Net Position at Beginning of Year	3,579,274	1,466,732
Net Position at End of Year	\$ 4,846,979	\$ 3,579,274

The School's revenues and expenses decreased by \$1,503,560 and \$658,723, respectively, in the current year. The School had an increase in its net position of \$1,267,705 for the year.

School Location and Lease of Facility

The School leases a facility located at 9500 SW 97th Avenue, Miami, FL 33176.

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 \$4,667,244. The fund balance unassigned and available for spending at the School's discretion is \$4,307,529. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets (including right of use lease assets) as of June 30, 2025 amounts to \$4,903,404 (net of accumulated depreciation and amortization). This investment in capital assets includes improvements, furniture, fixtures and equipment. As of June 30, 2025, the School had \$5,138,354 in long-term liabilities associated to its capital assets.

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

Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Program Revenues			
State capital outlay funding	\$ 224,200	\$ 262,964	\$ 268,066
Local sources	162,000	199,704	200,054
Federal sources	160,850	454,725	458,069
Charges for services and other revenues	255,533	303,700	313,421
General Revenues			
State and local sources	4,049,597	4,486,660	4,811,727
Charges for services and other revenues	249,900	339,723	368,731
Total Revenues	<u>5,102,080</u>	<u>6,047,476</u>	<u>6,420,068</u>
CURRENT EXPENDITURES			
Instruction	2,566,990	2,458,514	2,325,208
Student support services	45,378	38,236	38,231
Instructional staff training services	41,450	42,355	39,849
Board	87,188	71,751	34,347
School administration	412,259	473,628	427,662
Fiscal services	64,125	64,917	64,917
Food services	121,884	156,793	135,726
Central services	95,125	106,838	101,822
Operation of plant	488,349	464,313	459,284
Maintenance of plant	384,101	341,656	258,476
Community services	230,000	260,000	225,329
Total Current Expenditures	<u>\$ 4,536,849</u>	<u>\$ 4,479,001</u>	<u>\$ 4,110,851</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 Academy Bay
(A charter school under Somerset Academy, Inc.)

Statement of Net Position
June 30, 2025

	Primary Government Governmental Activities
<u>Assets</u>	
Current assets:	
Cash	\$ 550,037
Investments	3,800,000
Prepaid expenses and other current assets	38,314
Due from other agencies	575,205
Total Current Assets	4,963,556
Due from Somerset Academy, Inc.	521,186
Capital assets, net:	
Capital assets, depreciable	516,479
Less: accumulated depreciation	(387,288)
Right-of-use asset	6,002,663
Less: accumulated amortization	(1,228,450)
Total Capital Assets, net	4,903,404
Total Assets	\$ 10,388,146
<u>Deferred Outflows of Resources</u>	-
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	\$ 206,892
Accounts payable and other accrued liabilities	39,541
Compensated absences, current	93,828
Lease liability, current	231,533
Total Current Liabilities	571,794
Compensated absences	62,552
Lease liability	4,906,821
Total Liabilities	5,541,167
<u>Deferred Inflows of Resources</u>	-
<u>Net Position</u>	
Net investment in capital assets	(234,950)
Restricted - District Referendum Funds	321,401
Unrestricted	4,760,528
Total Net Position	\$ 4,846,979

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

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

Statement of Activities
For the year ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for	Operating	Capital	
Primary Government:	Expenses	Services	Grants and	Grants and	
Governmental activities:			Contributions	Contributions	
Instruction	\$ 2,377,048	\$ 147,515	\$ 394,450	\$ -	\$ (1,835,083)
Student support services	38,231	-	-	-	(38,231)
Instructional staff training services	39,849	-	16,240	-	(23,609)
Board	34,347	-	-	-	(34,347)
School administration	434,045	-	-	-	(434,045)
Fiscal services	64,917	-	-	-	(64,917)
Food services	136,060	76,792	47,379	-	(11,889)
Central services	101,822	-	-	-	(101,822)
Operation of plant	741,469	-	-	468,120	(273,349)
Maintenance of plant	266,377	-	-	-	(266,377)
Community services	225,329	236,629	-	-	11,300
Debt service	145,624	-	-	-	(145,624)
Total governmental activities	4,605,118	460,936	458,069	468,120	(3,217,993)
General revenues:					
State and local sources					4,264,482
Interest income					149,571
Other revenue					71,645
Change in net position					1,267,705
Net position, beginning, as restated					3,579,274
Net position, ending					\$ 4,846,979

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

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

Balance Sheet - Governmental Funds
June 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 500,158	\$ 49,879	\$ -	\$ 550,037
Investments	3,800,000	-	-	3,800,000
Prepaid expenses and other current assets	38,314	-	-	38,314
Due from other agencies	556,502	-	18,703	575,205
Due from fund	18,703	-	-	18,703
Total Assets	4,913,677	49,879	18,703	4,982,259
<u>Deferred Outflows of Resources</u>	-	-	-	-
<u>Liabilities</u>				
Salaries and wages payable	206,892	-	-	206,892
Accounts payable and other accrued liabilities	39,541	-	-	39,541
Due to fund	-	-	18,703	18,703
Total Liabilities	246,433	-	18,703	265,136
<u>Deferred Inflows of Resources</u>	-	-	-	-
<u>Fund balance</u>				
Nonspendable, not in spendable form	38,314	-	-	38,314
Restricted	321,401	-	-	321,401
Assigned	-	49,879	-	49,879
Unassigned	4,307,529	-	-	4,307,529
	4,667,244	49,879	-	4,717,123
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,913,677	\$ 49,879	\$ 18,703	\$ 4,982,259

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

Somerset Academy Bay
(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 \$ 4,717,123

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	516,479	
Less: accumulated depreciation	(387,288)	
Right-of-use lease asset	6,002,663	
Less: accumulated amortization	<u>(1,228,450)</u>	4,903,404

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

521,186

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

Lease liability	(5,138,354)	
Compensated absences	<u>(156,380)</u>	<u>(5,294,734)</u>

Total Net Position - Governmental Activities \$ 4,846,979

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

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
State passed through local	\$ 3,572,301	\$ -	\$ -	\$ 3,572,301
State capital outlay funding	-	-	268,066	268,066
Local sources	1,239,426	-	200,054	1,439,480
Federal sources	-	458,069	-	458,069
Charges for services	147,515	313,421	-	460,936
Other revenues	221,216	-	-	221,216
Total Revenues	5,180,458	771,490	468,120	6,420,068
Expenditures:				
Current				
Instruction	2,305,027	20,181	-	2,325,208
Student support services	38,231	-	-	38,231
Instructional staff training	23,609	16,240	-	39,849
Board	34,347	-	-	34,347
School administration	427,662	-	-	427,662
Fiscal services	64,917	-	-	64,917
Food services	-	135,726	-	135,726
Central services	101,822	-	-	101,822
Operation of plant	362,006	-	97,278	459,284
Maintenance of plant	258,476	-	-	258,476
Community services	-	225,329	-	225,329
Capital Outlay:				
Other capital outlay	28,610	-	-	28,610
Debt Service:				
Repayment of principal	-	-	225,218	225,218
Interest	-	-	145,624	145,624
Total Expenditures	3,644,707	397,476	468,120	4,510,303
Excess (deficit) of revenues over expenditures	1,535,751	374,014	-	1,909,765
Other financing sources (uses):				
Transfers in (out)	362,714	(362,714)	-	-
Increases in long-term advances	(521,186)	-	-	(521,186)
Net change in fund balance	1,377,279	11,300	-	1,388,579
Fund Balance at beginning of year	3,289,965	38,579	-	3,328,544
Fund Balance at end of year	\$ 4,667,244	\$ 49,879	\$ -	\$ 4,717,123

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

Somerset Academy Bay
(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	\$ 1,388,579
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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, their costs are allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlay differed from depreciation and amortization expense.

Capital outlay, net of disposals	28,610	
Depreciation and amortization expense	<u>(331,582)</u>	(302,972)

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.	(547,245)
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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.

521,186

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

Principal payments	225,218	
Increase in accrued compensated absences	<u>(17,061)</u>	<u>208,157</u>

Change in Net Position of Governmental Activities	<u>\$ 1,267,705</u>
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The accompanying notes are an integral
part of this financial statement.

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

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

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Miami-Dade County, Florida. The current charter expires on June 30, 2032 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 Miami, Florida for students from kindergarten through fifth grade and is funded by the District. These financial statements are for the period through June 30, 2025, when on average 410 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.

Government-wide and Fund Financial Statements

Government Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information about the School as a whole. Any internal interfund activity has been eliminated from these financial statements. Both statements report only governmental activities as the School does not engage in any business type activities. These statements also do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services, such as food service and student activity fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues, and other state and local sources.

Note 1 – 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, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. The School reports the following major governmental funds:

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

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

Capital Projects Fund – accounts for state and other local capital funds as authorized by charter School Capital Outlay, Section 1013.626, Florida Statutes.

Measurement Focus and Basis of Accounting

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

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

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available.

Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions. 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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 and compensated absences, which are reported as expenditures when due. General capital asset acquisition are reported as expenditures in governmental funds.

Budgets and Budgetary Accounting

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

Cash, Cash Equivalents and Investments

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

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.

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.

Capital Assets

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

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

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

Improvements	5 - 30 Years
Furniture, Fixtures, and Equipment	3 - 5 Years
Right-of-use asset (building)	21 Years

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.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for 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 financial 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.

Long-Term Debt and Liabilities

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

Revenue Sources

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

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance Classifications

Government-wide financial statements

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

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

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

Fund financial statements

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

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories and prepaid expenses.
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted funds at year end pertain to the School's 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 is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. The assigned balances at year end pertain to the School's Internal Account.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes

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

Prepaid Expenses and Other Assets

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

Use of Estimates

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

New Accounting Standard Adopted

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

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. 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 were approximately \$219,000.

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 \$3,790,000 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 Academy Bay
(A charter school under Somerset Academy, Inc.)
Notes to Financial Statements
June 30, 2025

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, 2025:

	Balance 07/01/24	Additions	Retirements/ Reclassifications	Balance 06/30/25
Capital Assets, depreciable:				
Improvements	\$ 91,745	\$ 28,610	\$ -	\$ 120,355
Furniture, fixtures and equipment	466,829	-	(70,705)	396,124
Total Capital Assets	558,574	28,610	(70,705)	516,479
Less Accumulated Depreciation:				
Improvements	(55,952)	(19,397)	-	(75,349)
Furniture, fixtures and equipment	(349,653)	(32,991)	70,705	(311,939)
Total Accumulated Depreciation	(405,605)	(52,388)	70,705	(387,288)
Total Capital Assets, net	\$ 152,969	\$ (23,778)	\$ -	\$ 129,191
Lease Assets:				
Right of use lease asset (building)	\$ 6,002,663	\$ -	\$ -	6,002,663
Less accumulated amortization	(949,256)	(279,194)	-	(1,228,450)
Total Lease Assets, net	5,053,407	(279,194)	-	4,774,213
Governmental Activities Capital Assets, net	\$ 5,206,376	\$ (302,972)	\$ -	\$ 4,903,404

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

	Depreciation	Amortization
Instruction	\$ 41,162	\$ -
School administration	544	-
Operation of plant	2,781	279,194
Maintenance of plant	7,901	-
Total Expense	\$ 52,388	\$ 279,194

Note 4 – Due from Other Agencies

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

Funding Source	Fund	
Due from Miami-Dade County Public Schools, referendum	General Fund	\$ 547,245
Early Childhood Music Grant	General Fund	9,257
Capital Outlay	Capital Projects Fund	18,703
Total Due from Other Agencies		\$ 575,205

Note 5 – Education Service and Support Provider

Academica Dade, LLC, an education service and support provider, provides 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, financial reporting and virtual services.

The agreement between the School and the education service and support provider 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 \$194,751 in fees related to this agreement, including fees for the School’s pre-kindergarten program of \$12,589.

Note 6 – Transactions with Divisions of Somerset Academy, Inc. and Others

The School shares its facility and lunch program with Somerset Academy Bay Middle School (another charter school under Somerset Academy, Inc.). Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment. In addition, the School holds the student activities fund of Somerset Academy Bay Middle School.

Somerset Academy, Inc. charges an assessment to all its affiliated schools for shared corporate costs and accreditation expenses. During the 2024-2025 school year, the School paid \$61,424 to Somerset Academy, Inc. for these shared costs.

The School has made a long-term, non-interest-bearing advances to the corporate account of Somerset Academy, Inc. for working capital purposes. 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.	\$ -	\$ 521,186	\$ -	\$ 521,186
Total Long-Term Receivables	\$ -	\$ 521,186	\$ -	\$ 521,186

During the year, the School received \$71,645 in donations from the Parent Teacher Organization for instructional and student support services expenses.

Note 7 – Long-Term Liabilities

Somerset Academy, Inc. charges the School a usage fee for its facilities. Through the usage fee agreement all capital and operating costs as defined herein will be due on a monthly basis. The School shall pay the Charter Holder the sum of \$1,100 per year for each student enrolled in the School year, but not less than a combined 290 students for a minimum annual guarantee of \$319,000. In addition, the School will be responsible for their pro rata share based upon enrollment for the payment of all insurance, property taxes, management fees, repairs and maintenance, replacements and restorations of loss or damage of whatever kind in connection with the property.

Note 7 – Long-Term Liabilities (continued)

Somerset Academy Inc. entered into a Financing Agreement (“Agreement”) with a Lender and the Miami-Dade County Industrial Development Authority (“Issuer”) whereby the Issuer issued its Miami-Dade County Industrial Development Authority Revenue Bond (Somerset Academy Project), Series 2017, for a principal amount of up to \$12,000,000 (the “Bond”) on behalf of the School. The bond outstanding balance of the portion allocated to the School as of June 30, 2025, was \$5,138,353. All of the School’s revenues (except for revenues restricted or assigned for specific programs) are pledged to the lease and security agreement for the outstanding principal and interest balance until maturity. The revenues pledged during the school year ended June 30, 2025, exceeded the required principal and interest for that period.

Initial measurement to record the intangible right to use this asset and the lease liability was based on the present value of the remaining annual debt service requirements of the bond discounted at the bond’s average interest rate of 2.73%. The lease right of use asset and liability were allocated between School and Somerset Academy Bay Middle based on enrollment and usage of facility. The allocation was approximately 36% for Somerset Academy Bay Middle and 64% for the School.

For the year ended June 30, 2025, interest expense totaled \$145,624, as it relates to its lease agreement. For 2025, variable and other payments of \$97,691 in connection with the lease agreement not previously included in the measurement of the lease liability were recorded in rent expense.

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

Year	Principal	Interest	Total	
2026	\$ 231,533	\$ 139,311	\$ 370,844	
2027	238,023	132,820	370,843	
2028	244,351	126,492	370,843	
2029	251,545	119,298	370,843	
2030	258,597	112,246	370,843	
2031-2035	1,405,587	448,629	1,854,216	(Total for a five year period.)
2036-2040	1,613,975	240,242	1,854,217	(Total for a five year period.)
2041-2043	894,743	32,367	927,110	(Total for a three year period.)
	<u>\$ 5,138,354</u>	<u>\$ 1,351,405</u>	<u>\$ 6,489,759</u>	

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

	Balance 07/01/24	Increases	Decreases	Balance 06/30/25
Lease liability	<u>\$ 5,363,572</u>	<u>\$ -</u>	<u>\$ (225,218)</u>	<u>\$ 5,138,354</u>
Total lease liability	<u>\$ 5,363,572</u>	<u>\$ -</u>	<u>\$ (225,218)</u>	<u>\$ 5,138,354</u>

Note 8 – Inter-fund Transfers

Inter-fund transfers in governmental funds as of June 30, 2025 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund deficit in lunch program	\$ (11,555)	\$ 11,555	\$ -
To reimburse general fund for prior periods's federal expenditures	374,269	(374,269)	-
Total Transfers, net	<u>\$ 362,714</u>	<u>\$ (362,714)</u>	<u>\$ -</u>
Due to General Fund from Capital Projects Fund for capital outlay	\$ 18,703	\$ -	\$ (18,703)
Total Due from/(Due to)	<u>\$ 18,703</u>	<u>\$ -</u>	<u>\$ (18,703)</u>

Note 9 – Contingencies and Concentrations

The School receives the majority of its funding from the State through the District under the Florida Education Finance Program (FEFP) and various other state and local funding. The FEFP is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School participates in a number of federal, state and local grants which are subject to financial and compliance audits.

It is the opinion of management that the amount of revenue, 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 2% of the qualifying revenues of the School. For the year ended June 30, 2025, administrative fees withheld by the School District totaled \$40,612.

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 years ended June 30, 2025, the School's referendum revenues were \$692,181 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 fiscal years. In addition, there were no reductions in insurance coverage from those in the prior year.

The School has entered into a strategic relationship with ADP TotalSource Group, 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, who are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School will match 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$80,164 for the year ended June 30, 2025. The School does not exercise any control or fiduciary responsibility over the Plan’s assets, which are administered by Voya Financial.

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	\$ 1,466,732		\$ 1,466,732
Change in net position	2,251,861	\$ (139,319)	2,112,542
Net position (deficit), ending	<u>\$ 3,718,593</u>	<u>\$ (139,319)</u>	<u>\$ 3,579,274</u>

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

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

	Beginning Balance 07/01/2024	Increases*	Decreases	Ending Balance 06/30/2025	Due within one year
Compensated absences	\$ 139,319	\$ 17,061	\$ -	\$ 156,380	\$ 93,828
	\$ 139,319	\$ 17,061	\$ -	\$ 156,380	\$ 93,828

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 3,409,453	\$ 3,502,683	\$ 3,572,301
Local sources	640,144	983,977	1,239,426
Charges for services	134,900	110,823	147,515
Other revenues	115,000	228,900	221,216
Total Revenues	4,299,497	4,826,383	5,180,458
EXPENDITURES			
Current:			
Instruction	2,523,232	2,414,554	2,305,027
Student support services	45,378	38,236	38,231
Instructional staff training	23,225	23,928	23,609
Board	87,188	71,751	34,347
School administration	412,259	473,628	427,662
Fiscal services	64,125	64,917	64,917
Central services	95,125	106,838	101,822
Operation of plant	386,237	367,035	362,006
Maintenance of plant	384,101	341,656	258,476
Total Current Expenditures	4,020,870	3,902,543	3,616,097
Excess/(Deficit) of Revenues Over Current Expenditures	278,627	923,840	1,564,361
Capital Outlay			
Other capital outlay	30,000	30,000	28,610
Total Capital Outlay and Debt Service Expenditures	30,000	30,000	28,610
Total Expenditures	4,050,870	3,932,543	3,644,707
Excess/(Deficit) of Revenues Over Expenditures	248,627	893,840	1,535,751
Other financing sources (uses):			
Transfers in (out)	(31,298)	371,071	362,714
Increase in long term advances	-	(521,186)	(521,186)
Net change in fund balance	217,329	743,725	1,377,279
Fund Balance at beginning of year	3,289,965	3,289,965	3,289,965
Fund Balance at end of year	\$ 3,507,294	\$ 4,033,690	\$ 4,667,244

Notes to Budgetary Comparison Schedule

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

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

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

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 160,850	\$ 454,725	\$ 458,069
Charges for services	255,533	303,700	313,421
Total Revenues	416,383	758,425	771,490
EXPENDITURES			
Current:			
Instruction	43,758	43,960	20,181
Instructional staff training	18,225	18,427	16,240
Food services	121,884	156,793	135,726
Community services	230,000	260,000	225,329
Total Current Expenditures	413,867	479,180	397,476
Excess/(Deficit) of Revenues Over Current Expenditures	2,516	279,245	374,014
Total Expenditures	413,867	479,180	397,476
Excess/(Deficit) of Revenues Over Expenditures	2,516	279,245	374,014
Other financing sources (uses)			
Transfers in (out)	(2,516)	(279,245)	(362,714)
Net change in fund balance	-	-	11,300
Fund Balance at beginning of year	38,579	38,579	38,579
Fund Balance at end of year	\$ 38,579	\$ 38,579	\$ 49,879

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 Academy Bay
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 Somerset Academy Bay (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.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

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

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 15, 2025



MANAGEMENT LETTER

To the Board of Directors of
Somerset Academy Bay
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of Somerset Academy Bay, Miami, FL as of and for the 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.

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 or recommendations made in the preceding financial audit report.

Official Title

Section 10.854.(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Somerset Academy Bay, (W/L #5062).

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Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Somerset Academy Bay. It is management's responsibility to monitor Somerset Academy Bay'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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any 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 Academy Bay maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In Connection with our audit, we determined that Somerset Academy Bay 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, require 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