



Somerset Village Academy
(A Charter School under Somerset Academy Inc. and Component
Unit of the School Board of Broward County, Florida)
W/L# 5004

Wilton Manors, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2026

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Somerset Village Academy
(A charter school under Somerset Academy, Inc.)
W/L# 5004
225 NW 29th Street
Wilton Manors, Florida 33311

2025-2026

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, resigned June 16, 2026

SCHOOL ADMINISTRATION

Patricia Boiteux, Principal

OTHER NON-VOTING CORPORATE OFFICERS

Bernardo Montero, President
Suzette Ruiz, Vice-President



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Somerset Village Academy
Wilton Manors, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Somerset Village Academy (the "School"), a charter school under Somerset Academy, Inc., which is a component unit of the School Board of Broward County, as of, and for the year ended June 30, 2026, 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 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, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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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 Village Academy that is attributable to the transactions of the School and is not intended to be a complete presentation of Somerset Academy, Inc. These financial statements do not purport to, and do not, present fairly the financial position of Somerset Academy, Inc., as of June 30, 2026 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.

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 through 32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2026

Management's Discussion and Analysis
Somerset Village Academy
(A charter school under Somerset Academy, Inc.)
June 30, 2026

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, 2026.

About the School

Somerset Village Academy opened in 2010 and is a Broward County public charter school located in Wilton Manors, Florida, serving students in kindergarten through fifth grade. The School is part of the Somerset Academy, Inc. network of public charter schools.

Overview of the Financial Statements

The financial statements of Somerset Village Academy present the financial position and results of operations of the School for the fiscal year ended June 30, 2026, in accordance with generally accepted accounting principles for state and local governments.

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.

The government-wide financial statements report all assets and liabilities of the government, including both financial and nonfinancial assets and both short-term and long-term obligations. Revenues are recognized when they relate to the current reporting period, regardless of when the related cash is received, and expenses are recognized when incurred, regardless of when cash is paid. The government-wide statements also report deferred outflows and deferred inflows of resources that relate to future reporting periods. Accordingly, the government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The governmental fund financial statements focus on current financial resources. They generally report current financial assets and liabilities, such as cash, receivables, and accounts payable, rather than long-term capital assets and long-term liabilities. Revenues are recognized when they are both measurable and available to finance current-period expenditures, while expenditures generally are recognized when the related governmental fund liability is incurred, subject to certain exceptions for long-term obligations. Deferred outflows and deferred inflows reported at the governmental fund level are limited to those applicable to current financial resources. Accordingly, governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

More detail about the measurement focuses and bases of accounting can be found in the first note to the financial statements, the Summary of Significant Accounting Policies.

FINANCIAL SUMMARY

A summary and analysis of the School's net position as of June 30, 2026 and 2025 is as follows:

	2026	2025	Variance
Cash	\$ 207,356	\$ 153,446	\$ 53,910
Investments	1,580,000	1,650,000	(70,000)
Prepaid expenses and other assets	9,148	12,231	(3,083)
Due from other agencies	244,703	415,910	(171,207)
Deposits receivable	27,932	27,932	-
Due from other divisions of Somerset Academy, Inc.	610,247	392,892	217,355
Capital and right-of-use capital assets, net	1,684,570	1,835,076	(150,506)
Total Assets	4,363,956	4,487,487	(123,531)
Deferred outflows of resources	-	-	-
Salaries and wages payable	101,870	145,402	(43,532)
Accounts payable and accrued liabilities	21,157	25,607	(4,450)
Compensated absences	129,850	107,564	22,286
Lease liability	1,019,802	1,244,502	(224,700)
Total Liabilities	1,272,679	1,523,075	(250,396)
Deferred inflows of resources	-	-	-
Net Position:			
Net investment in capital assets	664,768	590,574	74,194
Restricted	7,839	-	7,839
Unrestricted	2,418,670	2,373,838	44,832
Total Net Position	\$ 3,091,277	\$ 2,964,412	\$ 126,865

The School's financial position improved during the year ended June 30, 2026. Total net position increased by approximately \$127,000, from approximately \$2.96 million at June 30, 2025, to approximately \$3.09 million at June 30, 2026, representing an increase of approximately 4.3%.

The most significant changes in total assets and liabilities were as follows: Investments decreased by approximately \$70,000, from approximately \$1.65 million at June 30, 2025, to approximately \$1.58 million at June 30, 2026, primarily reflecting the use of invested resources during the current fiscal year. Amounts due from other agencies decreased by approximately \$171,000, from approximately \$416,000 at June 30, 2025, to approximately \$245,000 at June 30, 2026, primarily attributable to a decrease in amounts receivable from the District related to referendum funding at year-end. Amounts due from other divisions of Somerset Academy, Inc. increased by approximately \$217,000, from approximately \$393,000 at June 30, 2025, to approximately \$610,000 at June 30, 2026, primarily attributable to Board-approved intercompany transactions during the current fiscal year.

Capital and right-of-use capital assets, net, decreased by approximately \$151,000, from approximately \$1.84 million at June 30, 2025, to approximately \$1.68 million at June 30, 2026, primarily as a result of current-year depreciation and amortization exceeding capital asset additions. Lease liabilities decreased by approximately \$225,000, from approximately \$1.24 million at June 30, 2025, to approximately \$1.02 million at June 30, 2026, primarily as a result of scheduled principal payments on the School's lease obligations during the fiscal year.

Information on the School's capital and right-of-use assets and lease obligations can be found in the notes to the financial statements.

Net investment in capital assets increased by approximately \$74,000, from approximately \$591,000 at June 30, 2025, to approximately \$665,000 at June 30, 2026. The increase was primarily attributable to the reduction in the School's outstanding lease liabilities during the current fiscal year exceeding the decrease in net capital and right-of-use assets.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2026 and 2025 is as follows:

	2026	2025	Variance
REVENUES			
Program Revenues			
Operating Grants and Contributions	\$ 297,984	\$ 387,531	\$ (89,547)
Capital Grants and Contributions	283,903	232,967	50,936
Charges for Services	82,337	66,154	16,183
General Revenues			
State and Local Sources	2,375,767	2,477,727	(101,960)
Other Revenues	118,511	70,046	48,465
Total Revenues	<u>\$ 3,158,502</u>	<u>\$ 3,234,425</u>	<u>\$ (75,923)</u>
EXPENSES			
Component Unit Activities:			
Instruction	\$ 1,622,188	\$ 1,513,414	\$ 108,774
Instructional staff training service	10,442	14,321	(3,879)
School board	22,018	22,586	(568)
School administration	346,300	337,483	8,817
Fiscal services	37,525	40,217	(2,692)
Food services	213,204	220,702	(7,498)
Central services	42,278	68,539	(26,261)
Operation of plant	531,647	503,754	27,893
Maintenance of plant	87,415	66,842	20,573
Community Services	61,500	64,068	(2,568)
Debt service	57,120	5,868	51,252
Total Expenses	<u>3,031,637</u>	<u>2,857,794</u>	<u>173,843</u>
Increase in Net Position	126,865	376,631	(249,766)
Net Position at Beginning of Year	2,964,412	2,587,781	376,631
Net Position at End of Year	<u>\$ 3,091,277</u>	<u>\$ 2,964,412</u>	<u>\$ 126,865</u>

Enrollment decreased between fiscal years, with 237 full-time equivalent students during fiscal year 2026 compared with 254 full-time equivalent students during fiscal year 2025, a decrease of 17 students, or approximately 6.7%.

Total revenues decreased from approximately \$3.23 million in 2025 to approximately \$3.16 million in 2026, a decrease of approximately \$76,000, or 2.3%. The decrease was primarily attributable to reductions of approximately \$102,000 in state and local sources and approximately \$90,000 in operating grants and contributions, partially offset by increases in capital grants and contributions, charges for services, and other revenues.

Major changes in revenues and expenses included:

Operating grants and contributions decreased by approximately \$90,000, from approximately \$388,000 in 2025 to approximately \$298,000 in 2026, primarily attributable to a decrease in federal grant funding due to decrease in enrollment.

State and local sources decreased by approximately \$102,000, from approximately \$2.48 million in 2025 to approximately \$2.38 million in 2026, primarily attributable to the decrease in student enrollment and related FTE funding, as enrollment decreased approximately 6.7% compared with the prior fiscal year.

Instruction expense increased by approximately \$109,000, from approximately \$1.51 million in 2025 to approximately \$1.62 million in 2026, primarily attributable to increased instructional personnel and related costs during the current fiscal year.

Total expenses increased from approximately \$2.86 million in 2025 to approximately \$3.03 million in 2026, an increase of approximately \$174,000, or 6.1%. The increase was primarily attributable to higher instruction and debt service expenses, as well as increases in operation and maintenance of plant expenses, partially offset by a decrease in central services expenses.

Governmental Funds

The School reports three major funds individually in the governmental fund financial statements. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$1,852,415. The fund balance unassigned and available for spending at the School's discretion is \$1,843,267. These funds will be available for the School's future ongoing operations.

The special revenue fund reported an ending fund balance of \$65,765 comprised of restricted lunch program funds of \$7,839 and assigned community services fund of \$57,926. The community services fund reflects the activity in the School's internal funds and accounts for the current year change in the ending fund balance.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The School's investment in capital assets and right of use lease asset (building) as of June 30, 2026 amounts to \$1,684,570 (net of accumulated depreciation and amortization). This investment in capital assets includes building and improvements and furniture and equipment. Significant asset additions are primarily related to improvements made during the year for a new awning in the pick-up and drop-off area. Information on the School's fixed assets can be found in Note 3.

The School leases a facility located at 225 NW 29th Street, Wilton Manors, Florida 33311.

Long-Term Liabilities

As of June 30, 2026, the School had long-term liabilities of \$1,019,802 associated with its right of use lease asset (building).

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.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

Currently known facts, decisions or conditions expected to affect the School's financial position include:

- **Enrollment** – Enrollment is projected to be approximately 238 in fiscal year 2027.
- **Changes in funding or legislative appropriations** - The School receives Secure the Next Generation Referendum from Broward County School District. The current renewal is set to expire on June 30, 2027.
- **Major program changes or new initiatives** – There are no major program changes or new initiatives expected for the next school year.
- **Planned capital projects or financing activities** - There are no planned capital projects or financing activities expected for the next school year.

Requests for Information

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

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

Statement of Net Position
June 30, 2026

	Governmental Activities
<u>Assets</u>	
Current assets:	
Cash	\$ 207,356
Investments	1,580,000
Prepaid expenses and other assets	9,148
Due from other agencies	<u>244,703</u>
Total Current Assets	2,041,207
Deposits receivable	27,932
Due from other divisions of Somerset Academy, Inc.	<u>610,247</u>
	638,179
Capital assets, net:	
Capital assets, depreciable	1,232,379
Less: accumulated depreciation	(543,408)
Right-of-use lease asset	1,244,503
Less: accumulated amortization	<u>(248,904)</u>
Total Capital Assets, net	<u>1,684,570</u>
Total Assets	<u>4,363,956</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>
<u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	101,870
Accounts payable and accrued liabilities	21,157
Compensated absences, current	68,055
Lease liability, current	<u>236,198</u>
Total Current Liabilities	427,280
Compensated absences	61,795
Lease liability	<u>783,604</u>
Total Liabilities	1,272,679
<u>Deferred Inflows of Resources</u>	<u>-</u>
<u>Net Position</u>	
Net investment in capital assets	664,768
Restricted	7,839
Unrestricted	<u>2,418,670</u>
Total Net Position	<u>\$ 3,091,277</u>

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

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

Statement of Activities
For the year ended June 30, 2026

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$1,622,188	\$ -	\$ 141,086	\$ -	\$ (1,481,102)
Instructional staff training service	10,442	-	7,942	-	(2,500)
School board	22,018	-	-	-	(22,018)
School administration	346,300	-	45,369	-	(300,931)
Fiscal services	37,525	-	-	-	(37,525)
Food services	213,204	-	103,587	-	(109,617)
Central services	42,278	-	-	-	(42,278)
Operation of plant	531,647	-	-	283,903	(247,744)
Maintenance of plant	87,415	-	-	-	(87,415)
Community Services	61,500	82,337	-	-	20,837
Debt service	57,120	-	-	-	(57,120)
Total governmental activities	3,031,637	82,337	297,984	283,903	(2,367,413)
General revenues:					
State and local sources					2,375,767
Interest and other revenue					118,511
Change in net position					126,865
Net position, beginning					2,964,412
Net position, ending					\$ 3,091,277

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

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

Balance Sheet - Governmental Funds
June 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 141,591	\$ 65,765	\$ -	\$ 207,356
Investments	1,580,000	-	-	1,580,000
Due from other agencies	225,069	1,181	18,453	244,703
Due from fund	19,634	-	-	19,634
Prepaid expenses	9,148	-	-	9,148
Total Assets	1,975,442	66,946	18,453	2,060,841
<u>Deferred Outflows of Resources</u>	-	-	-	-
<u>Liabilities</u>				
Salaries and wages payable	101,870	-	-	101,870
Accounts payable and accrued liabilities	21,157	-	-	21,157
Due to fund	-	1,181	18,453	19,634
Total Liabilities	123,027	1,181	18,453	142,661
<u>Deferred Inflows of Resources</u>	-	-	-	-
<u>Fund balance</u>				
Nonspendable, not in spendable form	9,148	-	-	9,148
Restricted	-	7,839	-	7,839
Assigned	-	57,926	-	57,926
Unassigned	1,843,267	-	-	1,843,267
	1,852,415	65,765	-	1,918,180
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,975,442	\$ 66,946	\$ 18,453	\$ 2,060,841

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

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2026

Total Fund Balance - Governmental Funds \$ 1,918,180

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

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

Capital assets, depreciable	1,232,379	
Less: accumulated depreciation	(543,408)	
Right-of-use lease asset	1,244,503	
Less: accumulated amortization	<u>(248,904)</u>	1,684,570

Long term receivables and deposits receivable in governmental activities are not financial resources and therefore are not reported in the governmental funds. 638,179

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

Compensated absences	(129,850)	
Lease liability	<u>(1,019,802)</u>	<u>(1,149,652)</u>

Total Net Position - Governmental Activities \$ 3,091,277

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

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
State capital outlay	\$ -	\$ -	\$ 158,854	\$ 158,854
State passed through local	2,042,405	-	-	2,042,405
Local sources	526,254	-	125,049	651,303
Federal sources	-	297,984	-	297,984
Charges for services and other revenue	118,511	82,337	-	200,848
Total Revenues	2,687,170	380,321	283,903	3,351,394
Expenditures:				
Current				
Instruction	1,335,432	141,086	-	1,476,518
Student support services	-	-	-	-
Board	22,018	-	-	22,018
Instructional staff training	2,500	7,942	-	10,442
School administration	312,588	45,369	-	357,957
Fiscal services	37,525	-	-	37,525
Food services	-	210,388	-	210,388
Central services	42,278	-	-	42,278
Operation of plant	250,992	-	2,083	253,075
Maintenance of plant	87,415	-	-	87,415
Community Services	-	61,500	-	61,500
Capital Outlay:				
Other capital outlay	242,609	-	-	242,609
Debt Service:				
Redemption of principal	-	-	224,700	224,700
Interest	-	-	57,120	57,120
Total Expenditures	2,333,357	466,285	283,903	3,083,545
Excess (deficit) of revenues over expenditures	353,813	(85,964)	-	267,849
Other financing sources (uses)				
Transfers in (out)	(114,627)	114,627	-	-
Advances to Somerset Academy, Inc.	(217,355)	-	-	(217,355)
Net change in fund balance	21,831	28,663	-	50,494
Fund Balance at beginning of year	1,830,584	37,102	-	1,867,686
Fund Balance at end of year	\$ 1,852,415	\$ 65,765	\$ -	\$ 1,918,180

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

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2026

Net Change in Fund Balance - Governmental Funds	\$	50,494
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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, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. In the current period, these amounts are:

Capital outlay	242,609	
Depreciation and amortization expense	<u>(393,115)</u>	(150,506)

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 available in current year	(192,892)
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Increases 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.

Change in compensated absences	(22,286)	
Decreases in long term liabilities	<u>224,700</u>	202,414

Receivables and deposits in governmental activities that are not considered available to pay current liabilities are not current financial resources and therefore are not reported in the governmental funds.

217,355

Change in Net Position of Governmental Activities	\$	<u>126,865</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 Village Academy (the "School"), is a component unit of the School Board of Broward 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 four members and also governs other charter schools. The board of directors has determined that no component unit exists that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring district, the School Board of Broward County, Florida. The current charter expires on June 30, 2040, 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 Wilton Manors, Florida for students from kindergarten through fifth grades and is funded by the District. These financial statements are for the year ended June 30, 2026, when on average 237 students were enrolled for the school year.

Basis of Presentation

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

Government-wide and Fund Financial Statements

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. In addition, revenues not classified as program revenues are shown as general revenues, which include Florida Education Finance Program (FEFP) revenues and other state and local sources.

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

Measurement Focus and Basis of Accounting

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

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

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 principal and interest on long-term debt and compensated absences, which are reported as expenditures when due. General capital asset acquisitions are reported as expenditures in governmental funds.

Budgets and Budgetary Accounting

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

Deferred Outflows/Inflows of Resources

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

Cash and Cash Equivalents

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.

Investments

The School has adopted a formal investment policy that permits the investment of surplus funds, subject to Board approval, in cash and cash equivalents, debt instruments, mutual funds, certificates of deposit, government-sponsored investment vehicles, and certain investments that support the Charter School Network's educational mission. 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 investments that have maturities of one year or less from the date of acquisition are reported at amortized cost rather than fair value. Amortized cost closely approximates fair value.

Note 1 – Summary of Significant Accounting Policies (continued)

Due from Other Governments or Agencies

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

Capital Assets

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

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

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

Right of use lease asset (building)	5 Years
Improvements	10 -15 Years
Furniture, Fixtures and Equipment	5 -10 Years

Compensated Absences

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

Note 1 – Summary of Significant Accounting Policies (continued)

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. There is no termination payment for accumulated unused days. 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.

Accordingly, these financial statements do not include an accrual for sick days available to be used in future benefit years.

Long-Term Debt and Liabilities

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

Revenue Sources

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

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

Net position and Fund balance classifications

Government-wide financial statements

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

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

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

Fund financial statements

GASB Codification Section 1800.142, *Fund Balance Reporting and Governmental Fund Type Definitions* 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 expected to be converted into cash or legally or contractually required to be maintained intact. Consists of fund balance associated with prepaid expenses.
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restricted fund balances at year end pertain to the School's Lunch Program.

Note 1 – Summary of Significant Accounting Policies (continued)

- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but does not meet the criteria to be classified as restricted or committed. Assigned fund balances at year end pertain to the School's internal fund student activities 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.

Prepaid Expenses and Other Current Assets

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

Inter-fund Transfers

Interfund receivables/payables are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

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.

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

In fiscal year 2026, the School adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. Statement No. 103 updates reporting requirements and changes to MD&A, unusual/infrequent items, proprietary fund presentation, major component units, budgetary comparison information and statistical information. The adoption of this statement did not have a material impact on the School's financial statements. This statement was applied prospectively.

Note 1 – Summary of Significant Accounting Policies (continued)

In fiscal year 2026, the School adopted GASB issued Statement No. 104, Disclosure of Certain Capital Assets. Statement No. 104 requires certain capital assets to be separately identified within the capital asset footnote. This includes lease assets by major class of underlying asset and other specified categories of capital assets. It also establishes accounting and disclosure requirements for capital assets held for sale. 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. 105, *Subsequent Events*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2026.

The School is currently evaluating the effect that the 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 30, 2026, which is the date the financial statements were available to be issued.

Note 2 – Cash and Investments

Deposits

The School maintains its cash in two financial institutions. Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Somerset Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Somerset Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2026, bank balances in potential excess of FDIC coverage were \$109,464.

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, 2026, the School had \$1,580,000 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, 2026, maturities of the fund's portfolio holdings are approximately 77% within 30 days.

Note 2 – Cash and Investments (continued)

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, 2026, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

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

Note 3 – Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the period ended June 30, 2026:

	Balance 07/01/25	Additions	Retirements/ Reclassifications	Balance 06/30/26
Capital assets, depreciable:				
Improvements	\$ 637,855	\$ 207,706	\$ (6,144)	\$ 839,417
Furniture, fixtures and equipment	358,059	34,903	-	392,962
Total Capital Assets	995,914	242,609	(6,144)	1,232,379
Less Accumulated Depreciation:				
Improvements	(225,896)	(83,487)	-	(309,383)
Furniture, fixtures and equipment	(179,445)	(60,724)	6,144	(234,025)
Total Accumulated Depreciation	(405,341)	(144,211)	6,144	(543,408)
Total Capital Assets, being depreciated net	\$ 590,573	\$ 98,398	\$ -	\$ 688,971
Lease Assets:				
Right of use lease asset (building)	\$ 2,043,805	\$ -	\$ (799,302)	\$ 1,244,503
Less accumulated amortization	(799,302)	(248,904)	799,302	(248,904)
Total Lease Assets being amortized, net	1,244,503	(248,904)	-	995,599
Governmental Activities Capital Assets, net	\$ 1,835,076	\$ (150,506)	\$ -	\$ 1,684,570

Somerset Village Academy
(A charter school under Somerset Academy, Inc.)
Notes to Financial Statements
June 30, 2026

Note 3 –Capital Assets (continued)

For the fiscal year ended June 30, 2026, depreciation and amortization expense are allocated in the Statement of Activities by function as follows:

	<u>Depreciation</u>	<u>Amortization</u>
Instruction	\$ 114,147	\$ -
School administration	396	-
Operation of plant	29,668	248,904
Total Expense	<u>\$ 144,211</u>	<u>\$ 248,904</u>

Note 4 – Due from Other Agencies

The following is due from other agencies as of June 30, 2026:

Funding Source	Governmental Fund	Balance
Due from the District, referendum	General Fund	\$ 200,656
FEFP - Declining Enrollment Supplement	General Fund	23,926
School Zone Camera Safety Program	General Fund	487
Title I	Special Revenue Fund	1,181
School Hardening Grant	Capital Projects Fund	6,090
Capital Outlay	Capital Projects Fund	12,363
Total Due from Other Agencies, current		<u>\$ 244,703</u>

Note 5 – Education Service and Support Provider

Academica Broward, LLC, an educational service and support provider, offers administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting, and virtual education services. The agreement calls for a fee on a per student basis.

The agreement is with Somerset Academy, Inc., through June 30, 2028, and unless terminated by the board will have an option to renew for an additional five year period. During the year ended June 30, 2026, the School incurred \$112,575 fees related to this agreement.

Somerset Village Academy
(A charter school under Somerset Academy, Inc.)
Notes to Financial Statements
June 30, 2026

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

Somerset Academy, Inc., operates various charter schools. During 2026, the School shared its facility and its lunch program with Somerset Academy Village Charter Middle School (another charter school under Somerset Academy, Inc.). Through the board of directors, management allocates a proportionate share of leases, salaries, and supplies, and other expenses based on student enrollment and usage of facilities and staff to this school. Revenues and expenses related to the lunch program have been allocated based on FTE equivalent for purposes of presentation in the financial statements.

Somerset Academy, Inc., charges its affiliated schools an assessment for shared corporate costs and accreditation expenses. The School paid Somerset Academy, Inc., \$35,476 in connection with these charges during the year.

The School has made long term, non-interest bearing advances to other divisions of Somerset Academy, Inc. In addition, as of June 30, 2026, the School has transferred a total of \$410,247 to Somerset Academy, Inc. for investments on behalf of the School. The following schedule provides a summary of changes in long-term advances for the year ended June 30, 2026:

	Balance 07/01/25	Increases	Decreases	Balance 06/30/26
Somerset Academy, Inc.	\$ 392,892	\$ 217,355	\$ -	\$ 610,247
Total Long Term Receivables	<u>\$ 392,892</u>	<u>\$ 217,355</u>	<u>\$ -</u>	<u>\$ 610,247</u>

Note 7 – Interfund Transfers

Interfund transfers in governmental funds as of June 30, 2026 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund Special Revenue Fund for prior year's expenditures	\$ (114,627)	\$ 114,627	\$ -
Total Transfers, net	<u>\$ (114,627)</u>	<u>\$ 114,627</u>	<u>\$ -</u>
Due to General Fund from Capital Projects Fund for Capital Outlay	\$ 18,453	\$ -	\$ (18,453)
Due to General Fund from Special Revenue Fund for Federal Grants	1,181	(1,181)	-
Total Due from/(Due to) Funds	<u>\$ 19,634</u>	<u>\$ (1,181)</u>	<u>\$ (18,453)</u>

Note 8 – Long-Term Liabilities

The School entered into an educational facilities license agreement with the Archdiocese of Miami, Inc. through June 30, 2030, for the use of its existing facility. Initial annual payments under this agreement are \$340,000 plus \$790 per student per annum for every student in excess of 410 enrolled by the School at the facility, plus additional property costs including repairs, maintenance and insurance. Annual payments and per student per annum rates will be adjusted based on the Consumer Price Index (CPI) or if CPI is unavailable, adjustment is three percent of the previous year's charges which is later reconciled when CPI becomes available.

At the time of initial measurement, the lease right of use asset and liability were allocated between the School and Somerset Academy Village Charter Middle School based on enrollment and usage of facility. The allocation used was 59% for the School and 41% for Somerset Academy Village Charter Middle School. At the time of the initial measurement, the School used an average effective interest rate of 5%, to discount the annual lease payments to recognize the intangible right to use this asset and the lease liability.

For the year ended June 30, 2026, interest expense totaled \$57,120, as it relates to its lease agreements. For 2026, the School incurred variable and other payments of \$14,333 in connection with the lease agreement. Annual requirements to amortize the lease liability and related interest are as follows:

Year	Principal	Interest	Total
2027	\$ 236,198	\$ 45,626	\$ 281,824
2028	248,282	33,542	281,824
2029	260,984	20,839	281,823
2030	274,338	7,487	281,825
	<u>\$ 1,019,802</u>	<u>\$ 107,494</u>	<u>\$ 1,127,296</u>

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

	Balance 07/01/25	Increases	Decreases	Balance 06/30/26
Lease liability	\$ 1,244,502	\$ -	\$ (224,700)	\$ 1,019,802
	<u>\$ 1,244,502</u>	<u>\$ -</u>	<u>\$ (224,700)</u>	<u>\$ 1,019,802</u>

Note 9 – Contingencies and Concentrations

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.

Note 9 – Contingencies and Concentrations (continued)

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.

The current renewal for the Secure the Next Generation Referendum of Broward County is set to expire on June 30, 2027. For the year ended June 30, 2026, the School's total referendum revenues were approximately \$333,000 or 11% of total revenues.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 5% of the qualifying revenues of the School. For the year ended June 30, 2026, administrative fees withheld by the School District totaled \$95,165.

Note 10 – Risk Management

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

The School has entered into a strategic relationship with ADP TotalSource, Inc., a human resource management firm, typically known as "Professional Employer Organization" (PEO). Under a co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management.

Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

Note 11 – Defined Contribution Retirement Plan

Post-retirement Benefits

The School's personnel, which are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the "Plan"), the School provides a match of 100% of the employee's contribution up to 4% of the employee's compensation. The School contributed to the Plan \$41,691 for the year ended June 30, 2026. The School does not exercise any control or fiduciary responsibility over the Plan's assets, which are administered by Voya Financial.

Note 12 – 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.

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

	Balance 7/1/2025	Increases *	Decreases	Balance 6/30/2026	Due within One Year
Compensated absences	\$ 107,564	\$ 22,286	\$ -	\$ 129,850	\$ 68,055
	<u>\$ 107,564</u>	<u>\$ 22,286</u>	<u>\$ -</u>	<u>\$ 129,850</u>	<u>\$ 68,055</u>

* The change in compensated absence balances is presented as a net change.

REQUIRED SUPPLEMENTARY INFORMATION

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund
For the year ended June 30, 2026

	General Fund			Variance	
	Original Budget	Final Budget	Actual	Original to Final	Final to Actual
REVENUES					
State passed through local	\$ 2,095,476	\$ 2,035,324	\$ 2,042,405	\$ 60,152	\$ (7,081)
Local sources (Including Referendum revenue)	340,000	522,519	526,254	(182,519)	(3,735)
Charges for services and other revenue	75,153	107,361	118,511	(32,208)	(11,150)
Total Revenues	2,510,629	2,665,204	2,687,170	(154,575)	(21,966)
EXPENDITURES					
Current:					
Instruction	1,418,010	1,345,295	1,335,432	72,715	9,863
Instructional staff training	2,500	2,500	2,500	-	-
Board	24,063	23,369	22,018	694	1,351
School administration	367,956	323,989	312,588	43,967	11,401
Fiscal services	40,375	37,525	37,525	2,850	-
Central services	52,375	46,446	42,278	5,929	4,168
Operation of plant	270,431	252,011	250,992	18,420	1,019
Maintenance of plant	90,000	87,500	87,415	2,500	85
Total Current Expenditures	2,265,710	2,118,635	2,090,748	147,075	27,887
Excess (deficit) of Revenues Over Current Expenditures	244,919	546,569	596,422	(301,650)	(49,853)
Capital Outlay:					
Other Capital Outlay	108,000	247,753	242,609	(139,753)	5,144
Total Capital Outlay & Debt Service Expenditures	108,000	247,753	242,609	(139,753)	5,144
Total Expenditures	2,373,710	2,366,388	2,333,357	7,322	33,031
Excess (deficit) of Revenues Over Expenditures	136,919	298,816	353,813	(161,897)	(54,997)
Other financing sources (uses):					
Transfers in (out)	(73,996)	(101,572)	(114,627)	27,576	13,055
Change in due to Somerset Academy, Inc.	-	(217,355)	(217,355)	217,355	-
Net change in fund balance	62,923	(20,111)	21,831	83,034	(41,942)
Fund Balance at beginning of year	1,830,584	1,830,584	1,830,584	-	-
Fund Balance at end of year	\$ 1,893,507	\$ 1,810,473	\$ 1,852,415	\$ 83,034	\$ (41,942)

See accompanying notes to the budgetary comparison schedules.

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Funds
For the year ended June 30, 2026

	Special Revenue Funds			Variance	
	Original Budget	Final Budget	Actual	Original to Final	Final to Actual
REVENUES					
Federal sources	\$ 403,851	\$ 301,485	\$ 297,984	\$ 102,366	\$ 3,501
Charges for services and other revenue	81,000	82,046	82,337	(1,046)	(291)
Total Revenues	<u>484,851</u>	<u>383,531</u>	<u>380,321</u>	<u>101,320</u>	<u>3,210</u>
EXPENDITURES					
Current:					
Instruction	216,892	141,790	141,086	75,102	704
Instructional staff training	7,909	7,909	7,942	-	(33)
School administration	46,750	45,541	45,369	1,209	172
Food services	227,296	224,863	210,388	2,433	14,475
Community services	60,000	65,000	61,500	(5,000)	3,500
Total Current Expenditures	<u>558,847</u>	<u>485,103</u>	<u>466,285</u>	<u>73,744</u>	<u>18,818</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>(73,996)</u>	<u>(101,572)</u>	<u>(85,964)</u>	<u>27,576</u>	<u>(15,608)</u>
Total Expenditures	558,847	485,103	466,285	73,744	18,818
Excess (Deficit) of Revenues Over Expenditures	(73,996)	(101,572)	(85,964)	27,576	(15,608)
Other financing sources (uses)					
Transfers in (out)	<u>73,996</u>	<u>101,572</u>	<u>114,627</u>	<u>(27,576)</u>	<u>(13,055)</u>
Net change in fund balance	-	-	28,663	-	(28,663)
Fund Balance at beginning of year	<u>37,102</u>	<u>37,102</u>	<u>37,102</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ 37,102</u>	<u>\$ 37,102</u>	<u>\$ 65,765</u>	<u>\$ -</u>	<u>\$ (28,663)</u>

See accompanying notes to the budgetary comparison schedules.

Note 1 – Budgets and Budgetary Accounting

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. The original budget and any subsequent amendments are approved by the Board of Directors.

Note 2 – Variances

The variances in Local Sources in the General Fund occurred because the final budget was increased to capture changes in enrollment which affected funding.

The variances in Instruction expenditures in the General Fund occurred because the final budget was reduced to reflect changes in staff allocation.

The variances in Other Capital Outlay in the General Fund occurred because the final budget was increased based on board review and approval of capital projects.

The variances in Changes in Due to Somerset Academy, Inc. in the General Fund occurred because the final budget was increased based on board approval at year-end.

The variances in Federal Sources in the Special Revenue Fund occurred because the final budget was reduced to capture changes in enrollment which affected funding.

The variances in Instruction expenditures in the Special Revenue Fund occurred because the final budget was reduced to reflect changes in staff allocation.



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

To the Board of Directors of
Somerset Village Academy
Wilton Manors, 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 Village Academy (the "School") as of, and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 30, 2026.

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 30, 2026, 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 30, 2026



MANAGEMENT LETTER

To the Board of Directors of
Somerset Village Academy
Wilton Manors, Florida

Report on the Financial Statements

We have audited the financial statements of Somerset Village Academy, Florida as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 30, 2026.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated September 30, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

There were no findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are: Somerset Village Academy (W/L# 5004).

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Financial Condition and Management

Section 10.854(1)(e)2 and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Somerset Village Academy 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 Somerset Village Academy 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 Village Academy. It is management's responsibility to monitor Somerset Village Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Transparency

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

Additional Matters

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

Purpose of this Letter

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 30, 2026