

DREAMERS ACADEMY CHARTER SCHOOL
SARASOTA, FLORIDA
(A CHARTER SCHOOL UNDER DREAMERS
ACADEMY, INC.)

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

JUNE 30, 2022

DREAMERS ACADEMY CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2022

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DREAMERS ACADEMY CHARTER SCHOOL
(A Charter School Under Dreamers Academy, Inc.)

1050 S. Tuttle Avenue
Sarasota, FL 34237
(941) 888-4000

2021-2022

BOARD OF DIRECTORS

Mr. Dan Kennedy
Mr. Al Weidner
Mr. Humberto Alvia
Mrs. Vera McClaugherty
Mr. Thomas Chaffee

SCHOOL ADMINISTRATION

Dr. Cathy Rodriguez, Head of School



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Dreamers Academy Charter School
Sarasota, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dreamers Academy Charter School (the "School"), a charter School under Dreamers Academy, Inc., as of and for the year ended June 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dreamers Academy Charter School, as of June 30, 2022, 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. 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 the School, 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.

Auditor's 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 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, 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.

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 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 October 24, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

Coral Gables, Florida
October 24, 2022


CERTIFIED PUBLIC ACCOUNTANTS

Management’s Discussion and Analysis
Dreamers Academy Charter School
June 30, 2022

The corporate officers of Dreamers Academy Charter School (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2022, the School’s first year of operations.

FINANCIAL HIGHLIGHTS

1. In its first year of operations, the School had a positive fund balance at June 30, 2022 of \$14,864,206.
2. At year-end, the School had current assets of \$15,529,838, which includes cash of \$15,310,232 that is restricted for capital projects and related financing.
3. The School had a deficit in net position of \$752,381 in its first year.

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, 2022 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 16 – 26 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time net position may serve as a useful indicator of a school's financial position. A summary of the School's net position as of June 30, 2022, the School's first year of operations, follows:

Assets	<u>2022</u>
Cash and cash equivalents	\$ 209,067
Restricted cash	15,310,232
Prepaid expenses	10,539
Capital assets, net	4,825,532
Right-of-use asset, net of amortization	<u>774,277</u>
Total Assets	<u>\$ 21,129,647</u>
Liabilities and Net Position	
Accounts and wages payable and accrued liabilities	\$ 132,112
Accrued interest payable	533,520
Right-of-use liability	752,932
Bonds payable	<u>20,463,464</u>
Total Liabilities	21,882,028
Net investment in capital assets	(15,616,587)
Restricted for debt service	3,460,632
Restricted for capital projects	11,316,080
Unrestricted	<u>87,494</u>
Total Net Position (Deficit)	<u>\$ (752,381)</u>
Total Liabilities and Net Position	<u>\$ 21,129,647</u>

The fiscal year June 30, 2022 was the School's first full year of operations. At June 30, 2022, the School's total assets were \$21,129,647 and total liabilities were \$21,882,028. At June 30, 2022, the School reported a total net position deficit of \$752,381.

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2022 were as follows:

REVENUES	<u>2022</u>
Program Revenues	
Federal passed through state	913,787
State capital outlay funding	48,153
General Revenues	
FEFP and other nonspecific revenue	1,932,736
Interest and other local revenue	<u>156,999</u>
Total Revenues	<u>\$ 3,051,675</u>
 EXPENSES	
Instruction	\$ 1,292,321
Instructional support services	160,651
General administration	96,440
School administration	359,191
Central services	12,930
School Board	92,598
Operation of plant	469,151
Maintenance of plant	47,594
Fiscal services	2,100
Transportation	87,831
Administrative technology services	6,340
Community services	31,570
Interest on long-term debt	580,564
Other debt service	<u>489,032</u>
Total Expenses	<u>\$ 3,728,313</u>
Change in Net Position	(676,638)
Net Position (Deficit) at Beginning of Year	<u>(75,743)</u>
Net Position (Deficit) at End of Year	<u><u>\$ (752,381)</u></u>

The School's total revenues for the year ended June 30, 2022 were \$3,051,675 while its total expenses were \$3,728,313 for a net decrease of \$676,638 during its first year of operations. Total expenses include amortization expense of \$322,615 due to the implementation of GASB Statement No. 87, Leases, which requires entities to include a right-to-use asset and corresponding liability for the intangible right to use (lease) facilitates. If this additional expense were not to be included, the decrease in net position would be \$430,077. In addition, during the year, the School purchased land and financed construction of future facilities through the issuance of Educational Facilities Revenue Bonds. As a result, the change in net position for the year also includes accrued interest expense of \$533,520.

ACCOMPLISHMENTS

Dreamers Academy is the first dual-language school in Sarasota County. The School's mission is to develop bilingual, biliterate, and cross-cultural leaders of character within a caring environment that encourages family engagement and celebrates America. We follow the model of the Center for Applied Linguistics, currently used by the most successful Dual Language Programs across the country.

The School has just completed its first year of operations with an enrollment of nearly 200 students in Kindergarten through Second grade. The School's enrollment for the 2022-2023 is currently at 290 students.

During the School first year of operations, the School had a full staff and the most diverse teacher cohort in the district, where 78% of teachers are fully bilingual and 60% teachers have graduate degrees. For family engagement, the school started the Parent Teacher Council (PTC) to support fundraising initiatives and events like fall festival, staff appreciation week, and spirit days for students. The School coordinated school wide events that have become traditions such as Literacy parade, walkathon, and Field day. The School also partnered with Suncoast Remake Learning Day and collaborated with over ten community organizations like CreArte Latino Cultural Center, MCR Health, First 1000 Days Suncoast, Women's Resource Center, Sarasota County Libraries, SRQ Strong, The Literacy Council of Sarasota, Probinsky & Cole Attorneys at Law, CareerSource Suncoast, Girls Scouts of Gulfcoast Florida, Early Learning Coalition of Sarasota County, and radio stations 105.3 La Zeta and 99.1 FM. Multiple education institutions have toured the school to learn from its bilingual model, including Community Foundation, Selby Gardens, leadership from both Manatee and Sarasota School Districts, University of South Florida, University of Central Florida, and University of Florida. The School have become a United Way Suncoast strategic partner with the goal of achieving 100% grade level reading for the our students and started an After School Literacy and Enrichment program to support the School's students and families.

SCHOOL LOCATION

The School operates in the Sarasota area located at 1050 S. Tuttle Avenue Sarasota, FL 34237.

CAPITAL IMPROVEMENT REQUIREMENT

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

GOVERNMENTAL FUNDS

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

At the end of the fiscal year, the School's governmental funds had an increase of \$14,863,895 and reported a combined fund balance of \$14,864,206 during its first year of operations.

GOVERNMENTAL FUND BUDGET ANALYSIS

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

	All Governmental Funds		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local district	\$ 2,077,467	\$ 1,900,767	\$ 1,932,736
State capital outlay funding	47,795	47,795	48,153
Federal passed through state	800,000	902,613	913,787
Local and other revenue	-	33,130	80,945
TOTAL REVENUES	\$ 2,925,262	\$ 2,884,305	\$ 2,975,621
EXPENDITURES			
Instruction	\$ 1,384,254	\$ 1,211,532	\$ 1,292,321
Instructional support services	176,603	152,734	160,651
General administration	103,873	124,279	96,440
School administration	449,176	412,251	301,912
Central services	-	13,540	12,930
Board	108,000	139,216	92,598
Operation of plant	113,080	167,561	110,325
Maintenance of plant	1,000	42,012	47,594
Fiscal services	-	2,100	2,100
Transportation	119,847	124,860	84,231
Administrative technology services	-	5,245	6,340
Community services	-	29,791	31,570
Capital Outlay:	285,375	5,006,212	6,019,514
Debt service	-	1,016,586	1,914,670
TOTAL EXPENDITURES	\$ 2,741,208	\$ 8,447,919	\$ 10,173,196
Change in fund balance before other financing sources	\$ 184,054	\$ (5,563,614)	\$ (7,197,575)
OTHER FINANCING SOURCES			
Proceeds from bonds issued	-	20,875,000	20,875,000
Proceeds from note payable	-	-	535,272
Discount on sale of bonds	-	(417,500)	(417,500)
Increase in right-of-use liability	-	-	1,068,698
Net change in fund balance	\$ 184,054	\$ 14,893,886	\$ 14,863,895

The general and special revenue fund budgets for the year ending June 30, 2022, were developed based on the School’s anticipated revenues and expenditures and the expected student population for the School’s first year of operations. Total initial budgeted general fund revenues and expenditures were consistent with actual results. Over the course of the year, the School revised its budgets for all funds. Refer to the budgetary comparison schedules on pages 22-23 for additional information.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Dr. Cathy Rodriguez, Head of School, at 1050 S. Tuttle Ave. Sarasota, FL 34237.

DREAMERS ACADEMY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 209,067
Restricted cash	15,310,232
Prepaid expenses	10,539
TOTAL CURRENT ASSETS	<u>15,529,838</u>
CAPITAL ASSETS, NET	
Capital assets, net of accumulated depreciation	<u>4,825,532</u>
TOTAL CAPITAL ASSETS, NET	4,825,532
RIGHT-OF-USE ASSETS, NET	
Right-of-use asset, net of amortization	<u>774,277</u>
TOTAL ASSETS	<u><u>\$ 21,129,647</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 3,200
Accrued payroll and related expenses	128,912
Accrued interest	533,520
Right-of-use liability, current portion	345,302
TOTAL CURRENT LIABILITIES	<u>1,010,934</u>
Right-of-use liability	407,630
Bonds payable- long-term portion	<u>20,463,464</u>
TOTAL LIABILITIES	21,882,028
NET POSITION (DEFICIT)	
Invested in capital assets, net of related debt	(15,616,587)
Restricted for debt service	3,460,632
Restricted for capital projects	11,316,080
Unrestricted	87,494
TOTAL NET POSITION (DEFICIT)	<u>(752,381)</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 21,129,647</u></u>

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

**DREAMERS ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$1,292,321	-	\$ 614,619	-	\$ (677,702)
Instructional support services	160,651	-	103,725	-	(56,926)
General administration	96,440	-	-	-	(96,440)
School administration	359,191	-	83,985	-	(275,206)
Central services	12,930	-	5,750	-	(7,180)
School Board	92,598	-	59,753	-	(32,845)
Operation of plant	469,151	-	43,555	48,153	(377,443)
Maintenance of plant	47,594	-	-	-	(47,594)
Fiscal services	2,100	-	-	-	(2,100)
Transportation	87,831	-	-	-	(87,831)
Administrative technology services	6,340	-	-	-	(6,340)
Community services	31,570	-	2,400	-	(29,170)
Interest on long-term debt	580,564	-	-	-	(580,564)
Other debt service	489,032	-	-	-	(489,032)
Total Governmental Activities	\$3,728,313	\$ -	\$ 913,787	\$ 48,153	\$ (2,766,373)
GENERAL REVENUES:					
					1,932,736
					154,677
					2,322
					<u>2,089,735</u>
					Change in Net Position (676,638)
					NET POSITION (DEFICIT) - BEGINNING <u>(75,743)</u>
					NET POSITION (DEFICIT) - ENDING <u>\$ (752,381)</u>

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

**DREAMERS ACADEMY CHARTER SCHOOL
BALANCE SHEET- GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 209,067	\$ -	\$ -	\$ 209,067
Restricted cash	-	15,310,232	-	15,310,232
Prepaid expenses	10,539	-	-	10,539
Due from other funds	-	-	11,316,080	11,316,080
TOTAL ASSETS	<u>\$ 219,606</u>	<u>\$ 15,310,232</u>	<u>\$ 11,316,080</u>	<u>\$ 26,845,918</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 3,200	\$ -	\$ -	\$ 3,200
Accrued payroll and related expenses	128,912	-	-	128,912
Accrued interest	-	533,520	-	533,520
Due to other funds	-	11,316,080	-	11,316,080
TOTAL LIABILITIES	<u>132,112</u>	<u>11,849,600</u>	<u>-</u>	<u>11,981,712</u>
FUND BALANCE				
Nonspendable	10,539	-	-	10,539
Restricted for:				
Debt service	-	3,460,632	-	3,460,632
Capital projects	-	-	11,316,080	11,316,080
Unassigned	76,955	-	-	76,955
TOTAL FUND BALANCE	<u>87,494</u>	<u>3,460,632</u>	<u>11,316,080</u>	<u>14,864,206</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 219,606</u>	<u>\$ 15,310,232</u>	<u>\$ 11,316,080</u>	<u>\$ 26,845,918</u>

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

DREAMERS ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2022

Total Fund Balance - Governmental Funds	\$ 14,864,206
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	4,825,532
Right-of-use assets, net of accumulated amortization, used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	774,277
Long term liabilities are not due in the current period and, accordingly, are not reported as fund liabilities.	
Bonds payable	(20,463,464)
Right-of-use liability	<u>(752,932)</u>
Total Net Position - Governmental Activities	<u>\$ (752,381)</u>

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

**DREAMERS ACADEMY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Outlay Fund	Total Governmental Funds
REVENUES					
State passed through local school district	\$ 1,932,736	\$ -	\$ -	\$ -	\$ 1,932,736
Federal passed through state	-	913,787	-	-	913,787
State capital outlay funding	-	-	-	48,153	48,153
Local and other revenue	78,623	-	2,322	-	80,945
TOTAL REVENUES	2,011,359	913,787	2,322	48,153	2,975,621
EXPENDITURES					
Current:					
Instruction	\$ 677,702	\$ 614,619	\$ -	-	\$ 1,292,321
Instructional support services	56,926	103,725	-	-	160,651
General administration	96,440	-	-	-	96,440
School administration	217,927	83,985	-	-	301,912
Central services	7,180	5,750	-	-	12,930
Board	32,845	59,753	-	-	92,598
Operation of plant	66,770	43,555	-	-	110,325
Maintenance of plant	47,594	-	-	-	47,594
Fiscal services	2,100	-	-	-	2,100
Transportation	84,231	-	-	-	84,231
Administrative technology services	6,340	-	-	-	6,340
Community services	29,170	2,400	-	-	31,570
Capital Outlay:					
Right-of-use asset	28,194	-	-	1,068,698	1,096,892
Facilities acquisition and construction	207,945	-	-	4,714,677	4,922,622
Debt service:					
Principal retirement	851,038	-	-	-	851,038
Interest	47,044	-	533,520	-	580,564
Discount amortization	-	-	(5,964)	-	(5,964)
Debt costs of issuance	2	-	489,030	-	489,032
TOTAL EXPENDITURES	\$ 2,459,448	\$ 913,787	\$ 1,016,586	\$ 5,783,375	\$ 10,173,196
Change in fund balance before other financing sources	(448,089)	-	(1,014,264)	(5,735,222)	(7,197,575)
OTHER FINANCING SOURCES					
Proceeds from bonds issued	-	-	20,875,000	-	20,875,000
Proceeds from note payable	535,272	-	-	-	535,272
Discount on sale of bonds	-	-	(417,500)	-	(417,500)
Increase in right-of-use liability	-	-	-	1,068,698	1,068,698
Transfers in (out)	-	-	(15,982,604)	15,982,604	-
Total other financing sources	535,272	-	4,474,896	17,051,302	22,061,470
NET CHANGE IN FUND BALANCE	87,183	-	3,460,632	11,316,080	14,863,895
Fund balance at beginning of year	311	-	-	-	311
Fund balance at end of year	<u>\$ 87,494</u>	<u>\$ -</u>	<u>\$ 3,460,632</u>	<u>\$ 11,316,080</u>	<u>\$ 14,864,206</u>

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

**DREAMERS ACADEMY CHARTER SCHOOL
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, 2022**

Change in Fund Balance - Governmental Funds \$ 14,863,895

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 a depreciation expense. In addition, various transactions involving capital and right-of-use assets decrease or increase net position as follows:

Capital outlays	4,922,622
Other capital outlays, right-of-use	1,096,892
Depreciation expense	(97,090)
Amortization of right-of-use asset	(322,615)

Proceeds from issuance of long-term debt are reported as an other financing source in the governmental funds. However, in the statement of net position, the amount of funds borrowed is reported as an increase in notes payable. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums discounts and debt issuance costs, whereas these amounts are deferred and amortized in the statement of activities.

Principal repayments	851,038
Proceeds from issuance of bonds and note payable	(21,410,272)
Amortization of deferred outflows	(5,964)
Discount on sale of bonds	417,500
Forgiveness of note payable	76,054
Increase in right-of-use liability	(1,068,698)

Change in Net Position of Governmental Activities \$ (676,638)

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

**DREAMERS ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

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

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Sarasota County, Florida. The current charter is effective until June 30, 2024. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. The charter may be renewed annually by mutual agreement.

These financial statements are for the year ended June 30, 2022, when approximately 200 students were enrolled in grades Kindergarten through 2nd grade.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

**DREAMERS ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Debt Service Fund – used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Budgetary Basis Accounting

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

Cash and Cash Equivalents

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

**DREAMERS ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$4,000 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	5 Years
Computer equipment and software	3-5 Years
Vehicles	5 Years
Building and improvements	30-40 Years

Compensated Absences

The School grants a specific number of days for sick/personal leave. Full-time employees are eligible for 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 sick days; however, the employees may only cash out if they have used three days or less of their sick leave 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. The cash value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

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

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

Government-wide Fund Net Position

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

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. This also includes any right-of-use assets, less related liabilities. The net investment in capital and right-of-use assets for the year ending June 30, 2022, was a deficit of \$15,616,587.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2022 was \$14,776,712, which relates to the School’s bonds payable.
- Unrestricted – all other net position is reported in this category.

**DREAMERS ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances

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

- Non-spendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2022, the School had \$10,539 in non-spendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2022, the School had \$14,776,712 in restricted fund balance, related to the School’s bonds payable.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2022, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School’s management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2022, there is no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Sarasota County (the “School Board”) 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 School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

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

**DREAMERS ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

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

Use of Estimates

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

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through October 27, 2022, which is the date the financial statements were available to be issued.

NOTE 3 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in two major banks. Deposits are insured by the Federal Depository Insurance Corporation (“FDIC”) up to \$250,000 per depositor, per financial institution. As of June 30, 2022, bank balances held in financial institutions totaled \$209,067 and did not exceed the FDIC limit. However, bank balances may exceed this limit at times throughout the year.

NOTE 4 - CAPITAL AND RIGHT-OF-USE ASSETS

Capital assets activity for the year ended June 30, 2021 is as follows:

	Balance 7/1/2021	Additions	Disposals	Balance 6/30/2022
Capital Assets				
Land	\$ -	\$ 1,516,525	\$ -	\$ 1,516,525
Construction in progress	-	2,493,872	-	2,493,872
Building	-	656,127	-	656,127
Furniture, fixtures, and equipment	-	92,320	-	92,320
Vehicles	-	22,500	-	22,500
Audiovisual materials and computer software	-	141,278	-	141,278
Total Capital Assets	<u>\$ -</u>	<u>\$ 4,922,622</u>	<u>\$ -</u>	<u>\$ 4,922,622</u>
Less Accumulated Depreciation				
Building	\$ -	\$ (36,211)	\$ -	\$ (36,211)
Furniture, fixtures, and equipment	-	(17,620)	-	(17,620)
Vehicles	-	(3,600)	-	(3,600)
Audiovisual materials and computer software	-	(39,659)	-	(39,659)
Total Accumulated Depreciation	<u>\$ -</u>	<u>\$ (97,090)</u>	<u>\$ -</u>	<u>\$ (97,090)</u>
Capital Assets, net	<u>\$ -</u>	<u>\$ 4,825,532</u>	<u>\$ -</u>	<u>\$ 4,825,532</u>

For the year ended June 30, 2021, depreciation expense totaled \$97,090, of which \$57,279 was allocated to school administration, \$36,211 was allocated to operation of plant, and \$3,600 was allocated to transportation.

**DREAMERS ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4 - CAPITAL AND RIGHT-OF-USE ASSETS (Continued)

Changes in right-of-use assets, related to the School facility were as follows for the period ended June 30, 2022:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Right-of-use Asset	\$ -	\$ 1,096,892	\$ -	\$ 1,096,892
Total Capital Assets	<u>-</u>	<u>1,096,892</u>	<u>-</u>	<u>1,096,892</u>
Less Accumulated Amortization:				
Right-of-use Asset	-	(322,615)	-	(322,615)
Total Accumulated Amortization	<u>-</u>	<u>(322,615)</u>	<u>-</u>	<u>(322,615)</u>
Right-of-use asset, net	<u>\$ -</u>	<u>\$ 774,277</u>	<u>\$ -</u>	<u>\$ 774,277</u>

Amortization expense for the year ended June 30, 2022 totaled \$322,615 and was allocated to the operation of plant.

NOTE 5 – NOTE PAYABLE

In July 2021, the School entered into a loan agreement for up to \$800,000, with Building Hope Services, LLC (“Building Hope”) in order to provide funding for the School to use in paying start up costs for expenditures that are reimbursable under federal grant awards. The interest rate of the note is 6% per annum, based on the principal amount disbursed and outstanding each month. The loan was repaid upon receipt of grant monies that were funded by the loan. There was no balance outstanding on the note payable at June 30, 2022.

Prior to July 1, 2021, the School was loaned \$76,054 from a Board member in order to assist with necessary start up costs. During the year-ended June 30, 2022, the loan was forgiven in full and there are no amounts owed as of June 30, 2022.

The following schedule provides a summary of changes in the note payable for the year ended June 30, 2022:

	Balance 7/1/2021	Borrowings	Repayments / Forgiveness	Balance at 6/30/2022
Note payable - Building Hope	\$ -	\$ 535,272	\$ (535,272)	\$ -
Note payable - related party	\$ 76,054	\$ -	\$ (76,054)	\$ -
Total notes payable	<u>\$ 76,054</u>	<u>\$ 535,272</u>	<u>\$ (611,326)</u>	<u>\$ -</u>

NOTE 6 – REVENUE BONDS

Educational Facilities Revenue Bonds, Series 2022A and 2022B

The Florida Development Finance Corporation (the "issuer") issued Educational Facilities Revenue Bond, Series 2022A, in aggregate principal amount \$20,275,000 (the "Series 2022A Bonds") and Dreamers Academy, Inc. issued Taxable Educational Facilities Revenue Bond Series 2022B, in the aggregate principal amount of \$600,000 (the "Series 2022B Bonds").

**DREAMERS ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 – REVENUE BONDS (Continued)

The bonds were issued for the purposes of financing or refinancing (including through reimbursement): (i) all or a portion of the costs of acquiring an approximately 5.4 acre parcel located at 2146 Myrtle Street, Sarasota, Florida and acquiring, constructing and equipping an approximately 43,101 square foot building on such site containing an estimated 37 traditional classrooms, multipurpose space, administrative offices, outdoor multi-use space, outdoor play fields and other related areas, together with all related improvements, and which acquisition may include related equipment (collectively the "Project"); (ii) funding a debt service reserve fund; (iii) funding capitalized interest on the Series 2022 Bonds; and (iv) paying the costs of issuance of the Series 2022 Bonds. The Series 2022A and 2022B Bonds are subject to redemption prior to their stated maturity in part, randomly, from Mandatory Sinking Account Payments.

Interest is payable annually beginning April 15, 2022. The bonds are secured by mortgage interest on the projects to the benefit of UMB Bank, N.A. (the "Trustee") and assignment of payments (the "Pledge Revenue") to the Trustee pursuant to the Indenture of Trust dated January 1, 2022. These Bonds are subject to interest rates ranging from 4.00% to 6.00%. Bonds payable at June 30, 2022 totaled \$20,875,000 as follows:

Bond Type	Amount Outstanding	Interest Rates (Percent)	Annual Maturity To
Florida Development Finance Corporation Educational Facilities Revenue Bonds (Dreamers Academy Project) Series 2020A	\$ 20,275,000	6.00	2057
Florida Development Finance Corporation Educational Facilities Revenue Bonds (Dreamers Academy Project) Series 2020B	600,000	5.25	2028
Total bonds payable	\$ 20,875,000		

The Bonds were issued at a discount which was deferred and is being amortized over the life of the bonds using the effective interest method. The Bonds payable are presented net of the applicable discount. Amortization of bond discount during the year amounted to \$5,964.

The following schedule provides a summary of changes for the year ended June 30, 2022:

	Balance 7/1/2021	Increases	Decreases	Balance at 6/30/2022
Bonds payable	\$ -	\$ 20,875,000	\$ -	\$ 20,875,000
Bond discount	-	(417,500)	5,964	(411,536)
Bonds payable, net	\$ -	\$ 20,457,500	\$ 5,964	\$ 20,463,464

**DREAMERS ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 – REVENUE BONDS (Continued)

Annual requirements to amortize all bonded debt outstanding as of June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Total	Principal	Interest
2023	\$ 1,216,800	\$ -	\$ 1,216,800
2024	1,248,000	-	1,248,000
2025	1,248,000	-	1,248,000
2026	1,483,000	235,000	1,248,000
2027	1,485,663	250,000	1,235,663
2028 - 2032	7,406,137	1,455,000	5,951,137
2033 - 2037	7,405,600	1,945,000	5,460,600
2038 - 2042	7,408,000	2,605,000	4,803,000
2043 - 2047	7,406,300	3,485,000	3,921,300
2048 - 2052	7,403,800	4,660,000	2,743,800
2053 - 2056	5,969,850	4,845,000	1,124,850
2057	1,436,850	1,395,000	41,850
	<u>\$ 51,118,000</u>	<u>\$ 20,875,000</u>	<u>\$ 30,243,000</u>

Covenants

The bonds require that the School be in compliance with certain debt covenants, including a 45 day cash on hand requirement beginning with fiscal year and June 30, 2023 and a debt service coverage ratio of at least 1.10:1.00 beginning with fiscal year end June 30, 2023. At June 30, 2022 the School’s debt covenants calculations are required to be disclosed per the bond agreement and are therefore presented for information purposes only as follows:

<u>Cash on Hand</u>	
Cash on hand general fund	<u>\$ 209,067</u>
Total expenditures ALL governmental funds year ending June 30, 2022	\$ 10,173,196
Less non operating expenditures:	
Less capital outlay - facilities acquisition and constructions	(4,922,622)
Less capital outlay - intangible right-of-use asset increase	(1,096,892)
Less debt costs of issuance	(489,032)
Total operating expenditures	<u>\$ 3,664,650</u>
Days Cash on Hand at June 30, 2022	<u>21</u>

**DREAMERS ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 6 – REVENUE BONDS (Continued)

Debt Service Coverage Ratio

Excess of expenditures over revenues	\$ (7,197,575)
Plus interest	580,564
Plus principal retirement - right-of-use asset	851,038
Plus debt costs of issuance	489,032
Plus increase in - right-of-use asset intangible	1,096,892
Plus capital outlay - facilities acquisition and constructions	<u>4,922,622</u>
 Excess of revenues over expenditures	 <u><u>\$ 742,573</u></u>
 Debt service costs for year ending June 30, 2022	
Interest	\$ 580,564
Principal retirement	<u>851,038</u>
Total debt service costs for year ending June 30, 2022	<u><u>\$ 1,431,602</u></u>
 Debt service ratio (excess of revenues over expenditures divided by total debt service costs for year ending June 30, 2022)	 0.52

Restricted Assets

Restricted assets include money market accounts that are related to amounts that the School is required to segregate in connection with the issuance of bonds, including capitalized interest fund and reserve requirements. The Trust Indenture requires the establishment of Funds for the bonds and accounts within such funds, all of which shall be special trust funds and accounts held by the Trustee. At June 30, 2022, the composition of restricted balances is as follows:

Bond Interest Account	\$ 2,496,341
Capital Project Account	11,316,080
Debt Service Reserve	1,485,870
Cost of Issuance (COI) Account	<u>11,941</u>
	<u><u>\$ 15,310,232</u></u>

**DREAMERS ACADEMY CHARTER SCHOOL
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Facility lease

The School entered into a lease agreement with Temple Beth Sholom and Jewish Center, Inc. for use of property and facilities for the School’s operations. The initial term of the lease commenced July 1, 2021 and expires on June 30, 2024. During the initial term of the lease, annual base rent is \$338,328, payable in equal monthly installments of \$28,194. However, the School shall receive a full credit against rent for the two-month period beginning September 1, 2021 through October 31, 2021. In addition, the School shall pay certain operating expenses during the initial term. During the year ended June 30, 2022, rent paid by the School totaled \$328,930.

On July 1, 2021, the School implemented GASB Statement No. 87 *Leases*, and as a result recorded a lease right of use asset and liability in these financial statements for the facility lease, based on the current student count and allocation. The School used an interest rate of 5% based on the average incremental borrowing rate of the School to discount the annual lease payments and recognize the intangible right to use this asset and the lease liability as of July 1, 2021. The interest expense was \$43,779 and the amortization of the right-to-use asset was \$322,615 for the year ended June 30, 2022.

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

Fiscal Year End	Principal	Interest	Total
2023	\$ 345,302	\$ 30,640	\$ 375,942
2024	407,630	11,124	418,754
	<u>\$ 752,932</u>	<u>\$ 41,764</u>	<u>\$ 794,696</u>

Changes in long-term right-of-use liability during the year are as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Right-of-use Liability	\$ -	\$ 1,068,698	\$ (315,766)	\$ 752,932
Total right-of-use liability	<u>\$ -</u>	<u>\$ 1,068,698</u>	<u>\$ (315,766)</u>	<u>\$ 752,932</u>

Professional Services

Building Hope Services, LLC., a professional charter school management company, provides accounting and human resources management services to the School including, but not limited to, regulatory compliance, maintenance of the books and records, bookkeeping, budgeting and financial reporting. The agreement between the School and the management company calls for a fee of \$100 per full time equivalent (FTE) student per year plus a fee of \$350 per employee per year. The agreement can be terminated at any time by the board with 30 day notice. During the year ended June 30, 2022, the School incurred approximately \$34,000 in management fees. Building Hope Services, LLC. is located at 1225 SE 2nd Avenue, Fort Lauderdale, Florida, 33316.

**DREAMERS ACADEMY CHARTER SCHOOL
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School receives various forms of federal, state and local funding, which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

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

NOTE 8 – RELATED PARTY TRANSACTIONS

In prior year, the School was provided with a loan from a member of the Board of Directors. This loan was forgiven during the year ended June 30, 2022. See Note 5.

NOTE 9 – INTER-FUND BALANCES

Inter-fund transfers in government funds as of June 30, 2022 consist of the following:

	Debt Service Fund	Capital Projects Fund
Transfer from debt service fund for capital project requirements	\$ (15,982,604)	\$ 15,982,604
Total Transfers, net	<u>\$ (15,982,604)</u>	<u>\$ 15,982,604</u>

Due from (due to) balances in government funds are as follows:

	Debt Service Fund	Capital Projects Fund
Due to Capital Projects Fund from Debt Service Fund for Project account	\$ (11,316,080)	\$ 11,316,080
Total Due (to) From	<u>\$ (11,316,080)</u>	<u>\$ 11,316,080</u>

REQUIRED SUPPLEMENTAL INFORMATION

**DREAMERS ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local school district	\$ 2,077,467	\$ 1,900,767	\$ 1,932,736
Local and other revenue	-	33,091	78,623
TOTAL REVENUES	\$ 2,077,467	\$ 1,933,858	\$ 2,011,359
EXPENDITURES			
Instruction	\$ 895,690	\$ 596,913	\$ 677,702
Instructional support services	102,750	55,949	56,926
General administration	103,873	124,279	96,440
School administration	386,593	328,266	217,927
Central services	-	7,790	7,180
Board	33,000	55,231	32,845
Operation of plant	113,080	76,211	66,770
Maintenance of plant	1,000	42,012	47,594
Fiscal services	-	2,100	2,100
Transportation	19,847	124,860	84,231
Administrative technology services	-	5,245	6,340
Community services	-	27,391	29,170
Capital outlay- Facilities and acquisition	285,375	291,535	236,139
Debt service	-	-	898,084
TOTAL EXPENDITURES	\$ 1,941,208	\$ 1,737,782	\$ 2,459,448
Change in fund balance before other financing sources	136,259	196,076	(448,089)
OTHER FINANCING SOURCES			
Proceeds from note payable	-	-	535,272
Net change in fund balance	\$ 136,259	\$ 196,076	\$ 87,183

See accompanying note to the required supplemental information.

**DREAMERS ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal passed through state	800,000	902,613	913,787
TOTAL REVENUES	<u>\$ 800,000</u>	<u>\$ 902,613</u>	<u>\$ 913,787</u>
EXPENDITURES			
Instruction	\$ 488,564	\$ 614,619	\$ 614,619
Instructional support services	73,853	96,785	103,725
School administration	62,583	83,985	83,985
Central services	-	5,750	5,750
Board	75,000	55,519	59,753
Transportation	100,000	-	-
Operation of plant	-	43,555	43,555
Community services	-	2,400	2,400
TOTAL EXPENDITURES	<u>\$ 800,000</u>	<u>\$ 902,613</u>	<u>\$ 913,787</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to the required supplemental information.

**DREAMERS ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET
AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Debt Service Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Revenues	\$ -	\$ 39	\$ 2,322
TOTAL REVENUES	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 2,322</u>
EXPENDITURES			
Debt service	-	1,016,586	1,016,586
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 1,016,586</u>	<u>\$ 1,016,586</u>
Change in fund balance before other financing sources	-	(1,016,547)	(1,014,264)
OTHER FINANCING SOURCES			
Proceeds from bonds issued	-	20,875,000	20,875,000
Discount on sale of bonds	-	(417,500)	(417,500)
Transfers out	-	(15,982,604)	(15,982,604)
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,458,349</u>	<u>\$ 3,460,632</u>

See accompanying note to the required supplemental information.

**DREAMERS ACADEMY CHARTER SCHOOL
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2022, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

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

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



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*

Board of Directors of
Dreamers Academy Charter School
Sarasota, 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 and aggregate remaining fund information of Dreamers Academy Charter School (the “School”), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated October

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 24, 2022



MANAGEMENT LETTER

Board of Directors of
Dreamers Academy Charter School
Sarasota, Florida

Report on the Financial Statements

We have audited the financial statements of Dreamers Academy Charter School (the “School”), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated October 24, 2022.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. Disclosures in that report, which is dated October 24, 2022, 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 audit report as there was no preceding audit report due to this being the first year of the School’s operations

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity and the school code assigned by the Florida Department of Education of the school is Dreamers Academy Charter School and #580120.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2022 is not deteriorating.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any 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 the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 24, 2022