



**Doral Performing Arts and Entertainment Academy**  
**WL# 7009**  
(A charter school under The Doral Academy, Inc.)

Doral, Florida

Financial Statements and  
Independent Auditors' Report

June 30, 2023

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Doral Performing Arts and Entertainment Academy

W/L#: 7009

11100 NW 27<sup>th</sup> Street  
Doral, FL 33172

2022-2023

BOARD OF DIRECTORS

Angela Ramos, Director, President and Chair  
Rene Rovirosa, Director, Secretary and Treasurer  
Kim Guilarte, Director  
Miranda Murillo, Director and Student Alumni Representative

SCHOOL ADMINISTRATION

Carlos Ferralls, Principal



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Doral Performing Arts and Entertainment Academy  
Doral, Florida

### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of Doral Performing Arts and Entertainment Academy (the "School"), a charter school under The Doral Academy, Inc. as of, and for the year ended June 30, 2023, 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 and each major fund of Doral Performing Arts and Entertainment Academy as of June 30, 2023, 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 The Doral 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 Doral Performing Arts and Entertainment Academy'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.

396 Alhambra Circle, Suite 900, Coral Gables, FL 33134 • Tel: 305.446.3022 • Fax: 305.446.6319  
[www.hlbgravier.com](http://www.hlbgravier.com)

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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 Doral Performing Arts and Entertainment Academy that is attributable to the transactions of the School and is not intended to be a complete presentation of The Doral Academy, Inc. These financial statements do not purport to, and do not, present fairly the financial position of The Doral Academy, Inc. as of June 30, 2023 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 to 31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 15, 2023

**Management's Discussion and Analysis**  
Doral Performing Arts and Entertainment Academy  
(A Charter School Under The Doral Academy, Inc.)  
June 30, 2023

The corporate officers of the The Doral Academy, Inc. have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2023.

**Financial Highlights**

1. The net position of the School at June 30, 2023 was \$6,423,152.
2. At year-end, the School had current assets on hand of \$5,102,678.
3. The net position of the School had an increase in its net position of \$340,034 for the year ended June 30, 2023.
4. The unassigned fund balance at year end was \$4,480,518.

**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, 2023 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

*Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

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

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

*Fund Financial Statements*

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

All of the funds of the School are governmental funds. *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.

The Board of the School adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for its governmental funds to demonstrate compliance with the School's budget.

The basic governmental fund financial statements can be found on pages 12 – 15 of this report.

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 16 – 29 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was \$6,423,152 at the close of the fiscal year. A summary of the School's net position as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,056	\$ 25,116
Investments	4,697,000	3,970,000
Prepaid expenses	12,935	10,528
Due from other agencies	389,687	472,972
Due from other divisions of The Doral Academy, Inc.	1,800,000	1,800,000
Capital and right-of-use capital assets, net	<u>5,227,543</u>	<u>5,404,279</u>
<b>Total Assets</b>	<u>12,130,221</u>	<u>11,682,895</u>
<b>Deferred outflows of resources</b>	-	-
Accounts payable and accrued liabilities	87,963	139,166
Deferred revenue	338,180	-
Lease liability	<u>5,280,926</u>	<u>5,460,611</u>
<b>Total Liabilities</b>	<u>5,707,069</u>	<u>5,599,777</u>
<b>Deferred inflows of resources</b>	-	-
<b>Net Position:</b>		
Net investment in capital assets	(53,383)	(56,332)
Restricted	2,128	-
Unrestricted	<u>6,474,407</u>	<u>4,339,450</u>
<b>Total Net Position</b>	<u>\$ 6,423,152</u>	<u>\$ 4,283,118</u>

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



A summary and analysis of the School's revenues and expenses for the years ended June 30, 2023 and 2022 follows:

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Program Revenues		
Operating grants and contributions	\$ 5,242	\$ 279,515
Capital outlay funding	240,970	246,401
Lunch program	111,192	72,994
General Revenues		
Local sources (FTE and other non specific)	3,476,067	3,244,861
PPP loan forgiveness	-	229,446
Other revenue	162,143	4,053
<b>Total Revenues</b>	<u>\$ 3,995,614</u>	<u>\$ 4,077,270</u>
<b>EXPENSES</b>		
Component Unit Activities:		
Instruction	\$ 1,614,855	\$ 1,647,958
Student support services	67,050	66,940
Instructional staff training	16,661	14,810
Board	35,180	29,920
General administration	-	35,561
School administration	308,395	266,909
Fiscal services	60,150	60,075
Food services	109,064	93,160
Central services	75,304	72,212
Pupil transportation services	1,731	4,392
Operation of plant	925,655	688,485
Maintenance of plant	173,343	116,955
Administrative technology services	-	19,122
Debt service	268,192	288,478
<b>Total Expenses</b>	<u>3,655,580</u>	<u>3,404,977</u>
Increase in Net Position	340,034	672,293
Net Position at Beginning of Year	<u>6,083,118</u>	<u>5,410,825</u>
Net Position at End of Year	<u>\$ 6,423,152</u>	<u>\$ 6,083,118</u>

In the current year, Doral Performing Arts & Entertainment Academy's revenues decreased by \$81,656 and expenses increased by \$250,603. Doral Performing Arts & Entertainment Academy had an increase in net position of \$340,034 for the year.

### **School Location**

The School occupies a facility located at 11100 NW 27<sup>th</sup> Street, Doral, Florida 33172. The facility is shared with Doral Academy Charter High School under a usage agreement and is also approved to operate at 2601 NW 112 Ave, Doral Florida, 33172.

## **Capital Improvement Requirements**

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

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

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

## **Governmental Funds**

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

Most of the School's operations are funded in the General Fund. The majority of the General Fund revenues are distributed to the School by the District through the Florida Education Finance Program (FEFP), which uses formulas to distribute state funds and an amount of local property taxes (i.e., required local effort) established each year by the Florida Legislature.

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$4,495,581. The fund balance unassigned and available for spending at the School's discretion is \$4,480,518. These funds will be available for the School's future ongoing operations.

## **Capital Assets**

The School's investment in capital assets as of June 30, 2023 amounts to \$201,367 (net of accumulated depreciation) and right-of-use lease assets (building) of \$5,026,176 (net of accumulated amortization). This investment in capital assets includes right-of-use lease assets (building), furniture, fixtures and computer equipment. As of June 30, 2023, the School had long term liabilities of \$5,280,926 associated to its capital assets.

## Governmental Fund Budget Analysis and Highlights

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.

	Governmental Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State capital outlay funding	\$ 200,000	\$ 238,949	\$ 240,970
Federal sources	247,100	342,039	343,734
Charges for services	227,152	13,090	14,824
<b>General Revenues</b>			
FTE nonspecific revenues	3,337,321	3,475,094	3,476,067
Charges and other revenues	128,586	160,949	162,143
Total Revenues	\$ 4,140,159	\$ 4,230,121	\$ 4,237,738
<b>CURRENT EXPENDITURES</b>			
Instruction	\$ 1,484,787	\$ 1,589,433	\$ 1,586,006
Student support services	61,465	69,100	67,050
Instructional staff training	22,800	19,292	16,661
Board	38,000	36,984	35,180
School administration	305,394	310,929	308,315
Fiscal services	60,000	61,039	60,150
Food services	219,302	111,092	109,064
Central services	70,000	74,093	72,005
Pupil transportation services	10,000	2,121	1,731
Operation of plant	444,231	588,349	587,347
Maintenance of plant	135,000	174,029	172,838
Total Current Expenditures	\$ 2,850,979	\$ 3,036,461	\$ 3,016,347

Most variances occurred as a result of the budget adopted being more conservative than actual results for the year.

### Requests for Information

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

Doral Performing Arts and Entertainment Academy  
(A charter school under The Doral Academy, Inc.)

Statement of Net Position  
June 30, 2023

	<u>Primary Government</u>
	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Current assets:	
Cash	\$ 3,056
Investments	4,697,000
Prepaid expenses	12,935
Due from other agencies, net	389,687
Total current assets	<u>5,102,678</u>
Capital assets, net:	
Capital assets, depreciable	279,143
Less: accumulated depreciation	(77,776)
Right-of-use lease asset	5,655,565
Less: accumulated amortization	(629,389)
Total capital assets, net	<u>5,227,543</u>
Due from other divisions of The Doral Academy, Inc., long-term	1,800,000
Total Assets	<u>12,130,221</u>
<b><u>Deferred Outflows of Resources</u></b>	<u>-</u>
<b><u>Liabilities</u></b>	
Current liabilities:	
Accounts payable and accrued expenses	50,292
Salaries and wages payable	37,671
Deferred revenue	338,180
Lease liability, current	218,201
Total current liabilities	<u>644,344</u>
Lease liability	5,062,725
Total liabilities	<u>5,707,069</u>
<b><u>Deferred Inflows of Resources</u></b>	<u>-</u>
<b>Net Position:</b>	
Net investment in capital assets	(53,383)
Restricted	2,128
Unrestricted	6,474,407
Total Net Position	<u>\$ 6,423,152</u>

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

Doral Performing Arts and Entertainment Academy  
(A charter school under The Doral Academy, Inc.)

Statement of Activities

For the year ended June 30, 2023

	<b>Program Revenues</b>				<b>Net (Expense) Revenue and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
Instruction	\$ 1,614,855	\$ -	\$ 5,242	\$ -	\$ (1,609,613)
Student support services	67,050	-	-	-	(67,050)
Instructional staff training	16,661	-	-	-	(16,661)
Board	35,180	-	-	-	(35,180)
School administration	308,395	-	-	-	(308,395)
Fiscal services	60,150	-	-	-	(60,150)
Food services	109,064	14,824	96,368	-	2,128
Central services	75,304	-	-	-	(75,304)
Pupil transportation services	1,731	-	-	-	(1,731)
Operation of plant	925,655	-	-	240,970	(684,685)
Maintenance of plant	173,343	-	-	-	(173,343)
Debt service	268,192	-	-	-	(268,192)
<b>Total governmental activities</b>	<u>3,655,580</u>	<u>14,824</u>	<u>101,610</u>	<u>240,970</u>	<u>(3,298,176)</u>
General revenues:					
FTE and other nonspecific revenues					3,476,067
Investment income					<u>162,143</u>
Change in net position					340,034
Net position, beginning					<u>6,083,118</u>
Net position, ending					<u>\$ 6,423,152</u>

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

Doral Performing Arts and Entertainment Academy  
(A charter school under The Doral Academy, Inc.)

Balance Sheet - Governmental Funds  
June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b><u>Assets</u></b>				
Cash	\$ 928	\$ 2,128	\$ -	\$ 3,056
Investments	4,697,000	-	-	4,697,000
Prepaid expenses	12,935	-	-	12,935
Due from other agencies	-	192,915	17,946	210,861
Due from fund	210,861	-	-	210,861
Total Assets	<u>4,921,724</u>	<u>195,043</u>	<u>17,946</u>	<u>5,134,713</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Liabilities</u></b>				
Salaries and wages payable	37,671	-	-	37,671
Accounts payable and accrued expenses	50,292	-	-	50,292
Deferred revenue	338,180	-	-	338,180
Due to fund	-	192,915	17,946	210,861
Total Liabilities	<u>426,143</u>	<u>192,915</u>	<u>17,946</u>	<u>637,004</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Fund balance</u></b>				
Nonspendable, not in spendable form	12,935	-	-	12,935
Restricted	2,128	2,128	-	4,256
Unassigned	4,480,518	-	-	4,480,518
	<u>4,495,581</u>	<u>2,128</u>	<u>-</u>	<u>4,497,709</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 4,921,724</u>	<u>\$ 195,043</u>	<u>\$ 17,946</u>	<u>\$ 5,134,713</u>

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

Doral Performing Arts and Entertainment Academy  
(A charter school under The Doral Academy, Inc.)

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position  
June 30, 2023

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Total Fund Balance - Governmental Funds \$ 4,497,709

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

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	279,143	
Accumulated depreciation	(77,776)	
Right-of-use lease asset	5,655,565	
Less: accumulated amortization	<u>(629,389)</u>	5,227,543

Receivables 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 178,826

Long term receivables in governmental activities are not financial resources and therefore are not reported in the governmental funds. 1,800,000

Long term liabilities in governmental activities are not due and payable in the current period and therefore, are not reported in the governmental funds. (5,280,926)

Total Net Position - Governmental Activities \$ 6,423,152

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

Doral Performing Arts and Entertainment Academy  
(A charter school under The Doral Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the year ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues:</b>				
State passed through local and other local	\$ 3,476,067	\$ -	\$ -	\$ 3,476,067
State capital outlay funding	-	-	240,970	240,970
Federal sources	-	343,734	-	343,734
Lunch fees	-	14,824	-	14,824
Other revenue	162,143	-	-	162,143
<b>Total Revenues</b>	<b>3,638,210</b>	<b>358,558</b>	<b>240,970</b>	<b>4,237,738</b>
<b>Expenditures:</b>				
<b>Current</b>				
Instruction	1,489,757	96,249	-	1,586,006
Student support services	67,050	-	-	67,050
Instructional staff training	5,430	11,231	-	16,661
Board	35,180	-	-	35,180
School administration	308,315	-	-	308,315
Food services	-	109,064	-	109,064
Fiscal services	60,150	-	-	60,150
Central services	72,005	-	-	72,005
Pupil transportation services	1,731	-	-	1,731
Operation of plant	587,347	-	-	587,347
Maintenance of plant	172,838	-	-	172,838
<b>Capital Outlay:</b>				
Other capital outlay	50,130	119,896	-	170,026
<b>Debt Service:</b>				
Redemption of Principal	-	-	203,964	203,964
Interest	-	-	268,192	268,192
<b>Total Expenditures</b>	<b>2,849,933</b>	<b>336,440</b>	<b>472,156</b>	<b>3,658,529</b>
Excess (deficit) of revenues over expenditures	788,277	22,118	(231,186)	579,209
<b>Other financing sources (uses)</b>				
Transfers in (out)	(211,196)	(19,990)	231,186	-
Net change in fund balance	577,081	2,128	-	579,209
Fund Balance at beginning of year	3,918,500	-	-	3,918,500
Fund Balance at end of year	\$ 4,495,581	\$ 2,128	\$ -	\$ 4,497,709

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



Doral Performing Arts and Entertainment Academy  
(A charter school under The Doral 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, 2023

Net Change in Fund Balance - Governmental Funds \$ 579,209

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. This is the amount by which capital outlays exceeded depreciation and amortization expense.

Capital outlays	170,026	
Depreciation and amortization expense	<u>(346,762)</u>	(176,736)

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. 64,402

Prior year revenues recorded this year at the fund level. (306,526)

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

Increases in long-term liabilities	(24,279)	
Principal payments on long-term liabilities	<u>203,964</u>	<u>179,685</u>

Change in Net Position of Governmental Activities \$ 340,034

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

## **Note 1 – Summary of Significant Accounting Policies**

### Reporting Entity

Doral Performing Arts and Entertainment Academy (the “School”), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the “District”). The Schools charter is held by The Doral 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 The Doral Academy, Inc., which is composed of four members and also governs other charter schools. The board has determined no component units exist that would require inclusion in the School’s financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring District, the School Board of Miami-Dade County, Florida. The former charter between the district and Doral College, Inc. was amended and renewed under Doral Academy, Inc. for the remainder of the term. The current charter expires on June 30, 2030 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 Doral, Florida for students from ninth through twelfth grades. These financial statements are for the year ended June 30, 2023, when on average 401 students were enrolled for the school year.

### Basis of Presentation

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

### Government-wide and Fund Financial Statements

#### *Government-wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information 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 also do not include fiduciary funds.

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

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

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred income of resources, equity, revenues and expenditures. The School reports the major governmental funds with all non-major funds aggregated in a single column.

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

*Special Revenue Fund* – accounts for specific revenues, such as federal funding, federal lunch program, and COVID-19 emergency relief funding that are legally restricted to expenditures for particular purposes.

*Capital Projects Fund* – accounts for state and local capital outlay as authorized by Charter School Capital Outlay, Section 1013.62, Florida Statutes, mainly for capital outlay expenditures.

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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

Revenues from grants and donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied. Donations are recognized on the accrual basis, in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgets and Budgetary Accounting

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

Cash and Investments

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

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

Inter-fund Transfers

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

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.

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. Capital assets are depreciated using the straight-line method. When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government wide statements. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

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

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

Right-of-use assets (building)	15-27 Years
Improvements	5-10 Years
Furniture and Equipment	5 Years

Deferred Outflows/Inflows of Resources

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

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

Long-Term Debt and Liabilities

In the government-wide financial statements, long-term debt and other long-term 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 operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the 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.

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 and are to be used for lease of school facilities. In addition, the School may receive a portion of the local ad valorem tax revenues levied by the District.

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

Income Taxes

The Doral 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.

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

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

*Fund financial statements*

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

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with prepaid expenses (unless the proceeds are restricted, committed, or assigned).
- 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.
- 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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- 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.

New Accounting Standard Adopted

In fiscal year 2023, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The adoption had no effect on the School's 2023 financial statements.

Pronouncements Issued But Not Yet Effective

GASB has issued GASB Statement No. 101, Compensating Absences. This Statement provides guidance on the accounting and financial reporting for certain types of compensated absences including parental leave, military leave, and injury duty leave. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The School is currently evaluating the effect that implementation of the new standard will have on its 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.

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure September 15, 2023, which is the date the financial statements were available to be issued.



## **Note 2 – Cash and Investments**

### Deposits

The School maintains its cash and cash equivalents in one 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 Doral Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Doral Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2023, bank balances in potential excess of FDIC coverage was \$2,778.

### 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, 2023, the School had \$6,010,000 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, 2023, maturities of the fund's portfolio holdings are approximately 91% within 30 days.

### Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. The School manages its exposure to credit risk by limiting investments to highly rated government money market mutual funds. The fund is rated Aaa-mf by Moody's.

*Custodial credit risk* is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2023, 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.

Doral Performing Arts and Entertainment Academy  
(A charter school under The Doral Academy, Inc.)  
Notes to Financial Statements  
June 30, 2023

**Note 3 – Capital Assets**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2023:

	Balance 07/01/22	Additions	Retirements	Balance 06/30/23
<b>Capital Assets, depreciable:</b>				
Improvements	\$ 10,904	\$ 2,727	\$ -	\$ 13,631
Furniture, fixtures and equipment	120,839	167,299	(27,745)	260,393
Computer software	5,118	-	-	5,118
Total Capital Assets	<u>136,861</u>	<u>170,026</u>	<u>(27,745)</u>	<u>279,142</u>
Less Accumulated Depreciation:				
Improvements	(4,553)	(2,685)	-	(7,238)
Furniture, fixtures and equipment	(60,127)	(33,037)	27,745	(65,419)
Computer software	(4,985)	(133)	-	(5,118)
Total Accum. Depreciation	<u>(69,665)</u>	<u>(35,855)</u>	<u>27,745</u>	<u>(77,775)</u>
Capital Assets, net	<u>\$ 67,196</u>	<u>\$ 134,171</u>	<u>\$ -</u>	<u>\$ 201,367</u>
<b>Lease Assets:</b>				
Right of use lease asset (building)	\$ 5,655,565	\$ -	\$ -	\$ 5,655,565
Less accumulated amortization:	<u>(318,484)</u>	<u>(310,905)</u>	<u>-</u>	<u>(629,389)</u>
Total Lease Assets being amortized, net	<u>5,337,081</u>	<u>(310,905)</u>	<u>-</u>	<u>5,026,176</u>
<b>Governmental Activities Capital Assets, net</b>	<u><u>\$ 5,404,277</u></u>	<u><u>\$ (176,734)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,227,543</u></u>

For the fiscal year ended June 30, 2023, depreciation and amortization expense is allocated in the Statement of Activities by function as follows:

	Depreciation	Amortization
Instruction	\$ 28,849	\$ -
Operation of plant	3,122	310,907
Maintenance of plant	505	-
Central services	3,299	-
School administration	80	-
Total Expense	<u><u>\$ 35,855</u></u>	<u><u>\$ 310,907</u></u>

**Note 4 – Education Service and Support Provider**

Academica Dade, LLC, a professional charter school education service and support provider, provides administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting and virtual services. The agreement with the education service provider calls for a fee on a per student basis. The agreement is with Doral 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, 2023, the School incurred \$180,450 in fees.

**Note 5 – Transactions with other Divisions of The Doral Academy, Inc.**

During 2023, the School was located on the premises of Doral Academy High School (a charter school under The Doral Academy, Inc.). Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment. In addition, Doral Academy High School holds the student activities fund of the School. The School’s lunch program is shared with various other charter schools under The Doral Academy, Inc. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements.

The following schedule provides a summary of changes in long-term receivables for the year ended June 30, 2023:

	Balance 06/30/22	Additions	Repayments	Balance 06/30/23
The Doral Academy, Inc.	<u>\$ 1,800,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,800,000</u>
Long-term receivables	<u>\$ 1,800,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,800,000</u>

The Doral Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. The School paid The Doral Academy, Inc. \$80,100 in connection with these charges during the year.

## **Note 6 – Long-Term Liabilities**

### Usage Fee Agreement – Doral Hall

On January 4, 2018, Miami-Dade County Industrial Development Authority issued tax-exempt revenue bonds of \$22,045,000 on behalf of The Doral Academy, Inc. (the Organization), to be secured by a first mortgage on the land owned by the Organization as well as revenues of Doral Academy Charter High School, Doral Performing Arts & Entertainment Academy, Doral Academy Charter Middle School and Doral Academy of Technology (the “Four Schools”). The proceeds of the bond issue have been used to finance or refinance all or a portion of the cost of the acquisition, design, construction, installation and equipping of a 91,000 square foot, six story building known as the Doral Hall Educational Facility (“Doral Hall”), fund a debt service reserve fund, and pay costs of the bond issuance.

Through a Usage Fee Agreement approved by the Board of Directors of the Organization, all Capital and Operating costs as defined herein will be due on a monthly basis commencing on the first day of the first full calendar month following the date on which the Organization receives a temporary certificate of occupancy for Doral Hall. All costs of the required annual debt service of Doral Hall, together with an annual administrative fee of 5% of the sum of the Capital and Operating Costs each year, shall be shared among the Four Schools in proportion to their relative annual student enrollments. The annual Usage fee in relation to this agreement is approximately \$1,508,000 allocated among the Four Schools.

The Organization’s debt agreements contain various covenants, restrictions and financial test requirements. In the event an instance of default is not remedied, the maturity can be accelerated and / or the underlying collateral may be subject to foreclosure.

All of the School's revenues (except for revenues restricted or assigned for specific programs) are pledged, under this bond issuance, up to the outstanding balance as of June 30, 2023 of \$20,240,000.

### Lease Agreement- School Development LLC

The School entered into a lease and security agreement (“agreement”), as amended, with School Development, LLC (the “Landlord”, an affiliate of the School’s education service provider – Note 4) for its 57,000 square foot building including all ancillary facilities, outdoor areas and other improvements. Fixed annual payments under this agreement are based on a rate of \$30.23 per square footage of the building, which amounted to \$1,722,842 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through June 2036 with an option to renew for two additional five-year terms.

**Note 6 – Long-Term Liabilities (continued)**

For the years ended June 30, 2023 and 2022, the Landlord has elected to defer all but 3% of the annual CPI adjustment and may elect to recover the deferred portion in subsequent lease years where the CPI adjustment is less than 3% or when the School receives increases in state funding.

At the time of the initial measurement, based on the annual usage fee, the allocation used for implementation for the right-of-use asset and liability of Doral Hall was approximately 10% for the School, 47% for Doral Academy Charter High School, 35% for Doral Academy Charter Middle School and 7% for Doral Academy of Technology. The allocation used for School Development, LLC was approximately 18% for the School and 82% for Doral Academy Charter High School. There was no interest rate specified in the original lease or usage agreements. The School has used an average effective interest for comparable borrowings during FY 2021 and 2022.

For the year ended June 30, 2023, interest expense totaled \$268,192, as it relates to its agreements. For 2023, variable and other payments of \$47,697 in connection with the lease agreement not previously included in the measurement of the lease liability were recorded in rent expense based on enrollment and usage of facility.

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

Year	Principal	Interest	Total
2024	\$ 218,201	\$ 257,572	\$ 475,773
2025	229,231	246,411	475,642
2026	241,254	234,676	475,930
2027	253,221	222,342	475,563
2028	266,230	209,385	475,615
2029-2033	1,550,701	828,057	2,378,758 (total for five year period)
2034-2038	1,307,417	420,856	1,728,273 (total for five year period)
2039-2043	518,143	235,075	753,218 (total for five year period)
2044-4048	666,135	88,159	754,294 (total for five year period)
	<u>\$ 5,250,533</u>	<u>\$ 2,742,533</u>	<u>\$ 7,993,066</u>

**Note 6 – Long-Term Liabilities (continued)**

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

	Balance 07/01/22	Additions	Deletions	Balance 06/30/23
Lease liability - School Development, LLC	\$ 3,266,368	\$ -	\$ (165,324)	\$ 3,101,044
Lease liability - Doral Hall	2,188,129	-	(38,640)	2,149,489
Total Long Term Liabilities	5,454,497	-	(203,964)	5,250,533
Lease liability - deferred CPI adjustment	6,114	24,279	-	30,393
Total Long Term Liabilities	<u>\$ 5,460,611</u>	<u>\$ 24,279</u>	<u>\$ (203,964)</u>	<u>\$ 5,280,926</u>

**Note 7 – 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.

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2023, administrative fees withheld by the School District totaled \$41,068.

**Note 8 – Inter-fund Transfers**

Inter-fund transfers in governmental funds as of June 30, 2023 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund
To fund lease liabilities payments from the general fund	\$ (231,186)	\$ -	\$ 231,186
To return other federal expenditures funded by operating in prior year	19,990	(19,990)	-
Total Transfers, net	<u>\$ (211,196)</u>	<u>\$ (19,990)</u>	<u>\$ 231,186</u>
Due to General Fund from Capital Projects Fund for capital outlay	\$ 17,946	\$ -	\$ (17,946)
Due to General Fund from Special Revenue Fund for ESSER III	192,915	(192,915)	-
Total Due from/(Due to)	<u>\$ 210,861</u>	<u>\$ (192,915)</u>	<u>\$ (17,946)</u>

**Note 9 – Risk Management**

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in 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 10 – Defined Contribution Retirement Plan**

The School’s personnel, who are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School approved a match of 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$38,776 for the year ended June 30, 2023. The School does not exercise any control or fiduciary responsibility over the Plan’s assets, which are administered by Voya Financial.

REQUIRED SUPPLEMENTARY INFORMATION



Doral Performing Arts and Entertainment Academy  
(A charter school under The Doral Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2023

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State passed through local and other local	\$ 3,337,321	\$ 3,475,094	\$ 3,476,067
Other revenue	128,586	160,949	162,143
Total Revenues	<u>3,465,907</u>	<u>3,636,043</u>	<u>3,638,210</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	1,456,987	1,491,029	1,489,757
Student support services	61,465	69,100	67,050
Instructional staff training	6,000	6,200	5,430
Board	38,000	36,984	35,180
School administration	305,394	310,929	308,315
Fiscal services	60,000	61,039	60,150
Central services	70,000	74,093	72,005
Pupil transportation services	10,000	2,121	1,731
Operation of plant	444,231	588,349	587,347
Maintenance of plant	135,000	174,029	172,838
Total Current Expenditures	<u>2,587,077</u>	<u>2,813,873</u>	<u>2,799,803</u>
Excess of Revenues Over Current Expenditures	<u>878,830</u>	<u>822,170</u>	<u>838,407</u>
Capital Outlay	-	-	50,130
Total Expenditures	<u>2,587,077</u>	<u>2,813,873</u>	<u>2,849,933</u>
Excess of Revenues Over Expenditures	878,830	822,170	788,277
Other financing sources (uses):			
Transfers in (out)	<u>(272,156)</u>	<u>(220,666)</u>	<u>(211,196)</u>
Net change in fund balance	606,674	601,504	577,081
Fund Balance at beginning of year	<u>3,918,500</u>	<u>3,918,500</u>	<u>3,918,500</u>
Fund Balance at end of year	<u>\$ 4,525,174</u>	<u>\$ 4,520,004</u>	<u>\$ 4,495,581</u>

Notes to Budgetary Comparison Schedule

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

Doral Performing Arts and Entertainment Academy  
(A charter school under The Doral Academy, Inc.)

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the year ended June 30, 2023

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Federal sources	\$ 247,100	\$ 342,039	\$ 343,734
Lunch fees	227,152	13,090	14,824
Total Revenues	<u>474,252</u>	<u>355,129</u>	<u>358,558</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	27,800	98,404	96,249
Instructional staff training	16,800	13,092	11,231
Food services	219,302	111,092	109,064
Total Current Expenditures	<u>263,902</u>	<u>222,588</u>	<u>216,544</u>
Excess (Deficit) of Revenues Over Current Expenditures	<u>210,350</u>	<u>132,541</u>	<u>142,014</u>
Capital Outlay	<u>210,350</u>	<u>120,000</u>	<u>119,896</u>
Total Expenditures	<u>474,252</u>	<u>342,588</u>	<u>336,440</u>
Excess (deficit) of Revenues Over Expenditures	-	12,541	22,118
Other financing sources (uses)			
Transfers in (out)	<u>-</u>	<u>(12,541)</u>	<u>(19,990)</u>
Net change in fund balance	-	-	2,128
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,128</u>

Notes to Budgetary Comparison Schedule

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



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

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Board of Directors of  
Doral Performing Arts and Entertainment Academy  
Doral, 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 Doral Performing Arts and Entertainment Academy (the "School") as of, and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report September 15, 2023.

**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) 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 or may exist that were not identified.

## **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, pursuant to Chapter 10.850, Rules of the Auditor General dated September 15, 2023.

### **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  
September 15, 2023



## MANAGEMENT LETTER

Board of Directors of  
Doral Performing Arts and Entertainment Academy  
Doral, Florida

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

We have audited the financial statements of Doral Performing Arts and Entertainment Academy, Doral, Florida, as of and for the fiscal year ended June 30, 2023 and have issued our report thereon dated September 15, 2023.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 15, 2023, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

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

### **Official Title**

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is Doral Performing Arts and Entertainment Academy, 7009.

## **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 Doral Performing Arts and Entertainment Academy has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Doral Performing Arts and Entertainment 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 Doral Performing Arts and Entertainment Academy. It is management's responsibility to monitor Doral Performing Arts and Entertainment 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 address in the management letter 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 Doral Performing Arts and Entertainment 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 Doral Performing Arts and Entertainment 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, require us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

## **Purpose of this Letter**

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 15, 2023