

**DOWNTOWN DORAL CHARTER
ELEMENTARY SCHOOL, INC.**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORTS THEREON**

JUNE 30, 2023

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Sotolongo & Associates, P.A.

Certified Public Accountants

Report of Independent Auditors on Basic Financial Statements and Required Supplementary Information

To the Board of Directors of
Downtown Doral Charter
Elementary School, Inc.
Doral, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downtown Doral Charter Elementary School, Inc. (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida, 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, each major fund, and the aggregate remaining fund information of Downtown Doral Charter Elementary School, Inc. 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 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 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 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.

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 4-12 and 40-41 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 11, 2023, on our consideration of the Downtown Doral Charter Elementary School, Inc.'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Downtown Doral Charter Elementary School, Inc.'s 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 Downtown Doral Charter Elementary School, Inc.'s internal control over financial reporting and compliance.

Sotolongo & Associates, P.A.

Miami, Florida
September 11, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Downtown Doral Charter Elementary School, Inc. (the "School") presents Management's Discussion and Analysis, which is intended to provide an overview of the School's financial position and changes in financial position for the fiscal year ended June 30, 2023.

Since the focus of the Management's Discussion and Analysis (MD&A) is on the current year activities, resulting changes and currently known facts, it should be read in conjunction with the School's financial statements, including the accompanying notes.

THE SCHOOL

The School is a multicultural, multilingual elementary school which served approximately 1,086 students during the 2022-2023 school year in grades kindergarten through fifth. The School offers a preschool program, as well as before school and after school care services. The School is located on the southeast corner of 84th Avenue and 53rd Street, Doral, Florida.

The School offers a dual language curriculum, which aims to prepare students to excel in a complex global society. Students have a choice of two tracks: Spanish or Portuguese. In addition, math, science and social studies are also taught in both English and the selected foreign language

The School has various significant documents and agreements that have financial impact, which are summarized below:

Charter Agreement

In June 2014, the School entered into a Charter School Contract (the "Charter") by and between the School and the School Board of Miami-Dade County (the "School Board"). The Charter was renewed and currently ends on June 30, 2035.

Series 2014 Bonds

In August 2014, the Florida Development Finance Corporation Educational Facilities Revenue Bonds, Series 2014A, were issued in the aggregate principal amount of \$21,505,000 (the "Series 2014A Bonds"), and the Florida Development Finance Corporation Taxable Educational Facilities Revenue Bonds, Series 2014B, in the aggregate principal amount of \$320,000 (the "Series 2014B Bonds" and together with the Series 2014A Bonds, referred to as the "Series 2014 Bonds") were issued.

The proceeds of the Series 2014 Bonds were loaned by the Florida Development Finance Corporation (the "Issuer") to the School, and were used by the School (i) to acquire, construct, and equip certain charter school facility (the "Facility"), which is located on land subject to a Ground Lease (described below) with the School Board and improvements thereto (collectively, the "Project") and to prepay the rent under the Ground Lease for the entire initial term thereof, (ii) to fund a Debt Service Reserve Fund for the Series 2014 Bonds, (iii) to fund capitalized interest with respect to the Series 2014 Bonds through September 1, 2016, and (iv) to pay the costs of issuance of the Series 2014 Bonds. The Bonds were issued pursuant to a certain Indenture of Trust dated as of August 1, 2014, by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"). See additional information regarding the Series 2014 Bonds in Note 6 to the financial statements.

In connection with the Series 2014 Bonds, the School entered into a Loan Agreement (the "Series 2014 Loan Agreement"), dated as of August 1, 2014, pursuant to which the Issuer loaned the proceeds of the Series 2014 Bonds to the School. The School's payment of principal and interest is being used to pay principal of and interest on the Series 2014 Bonds. The obligations of the School under the Loan Agreement are secured by (i) a mortgage interest in the Facilities (which mortgage consists of a leasehold mortgage interest in the Ground Lease and school facilities pursuant to the Loan Agreement), (ii) an assignment of and security interest in certain School revenues, and (iii) a security interest in all other assets of the School related to the Project, excluding property prohibited by law from being pledged as security because it has been purchased or refinanced with federal or state grant funds.

Ground Lease Agreement

Pursuant to a Ground Lease Agreement, dated as of October 30, 2013 (the "Ground Lease"), the School leased certain land from the School Board, which was used for the development and construction of the Project. See additional information pertaining to the Ground Lease and amendments thereto in Notes 3 and 4 to the financial statements.

Management Agreement

In July 2014, the School entered into a Management Agreement with the School Board that provides for operational, management and administrative services to the School. See additional information in Note 5 to the financial statements.

Series 2017 Bonds

On August 1, 2017, the Florida Development Finance Corporation Educational Facilities Revenue Bonds, Series 2017A, in the aggregate principal amount of \$6,005,000 (the "Series 2017A Bonds"), and the Florida Development Finance Corporation Taxable Educational Facilities Revenue Bonds, Series 2017B, in the aggregate principal amount of \$295,000 (the "Series 2017B Bonds" and together with the Series 2017A Bonds, the "Series 2017 Bonds") were issued. The proceeds of the Series 2017 Bonds were loaned by the Florida Development Finance Corporation (the "Issuer") to the School, and are to be used by the School (i) to acquire, construct, and equip an expansion (the "Expansion") of the School (ii) to fund an increase in the size of the existing Debt Service Reserve necessitated by the issuance of the Series 2017 Bonds, (iii) to fund capitalized interest with respect to the Series 2017 Bonds through July 1, 2018, and (iv) to pay the costs of issuance of the Series 2017 Bonds. The Bonds were issued pursuant to a certain Indenture of Trust dated as of August 1, 2014, by and between the Issuer and the Trustee, as amended and supplemented by a Series 2017 Supplemental Indenture of Trust, dated August 1, 2017, by and between the Issuer and the Trustee.

In connection with the Series 2017 Bonds, the School entered into a Loan Agreement (the "2017 Loan Agreement"), dated as of August 1, 2017, pursuant to which the issuer loaned the proceeds of the Series 2017 Bonds to the School. The School's payment of principal and interest will be used to pay principal of and interest on the Series 2017 Bonds. In order to secure the payment of the Series 2017 Bonds, the Issuer assigned all of its rights and interest in the 2017 Loan Agreement to the "Trustee" pursuant to an assignment contained in the Indenture of Trust. The obligations of the School under the 2017 Loan Agreement will be secured by (i) the original mortgage interest in the Facilities, which secured the Series 2014 Bonds, (ii) an assignment of and security interest in certain pledged revenues, (iii) a security interest in a certain School deposit account, and (iv) a security interest in all other assets of the School related to the Series 2017 Facilities, as defined in the 2017 Loan Agreement.

FINANCIAL HIGHLIGHTS

- At June 30, 2023, the School had total assets of approximately \$29,344,000.
- For the year ended June 30, 2023, the School had an increase in its net position of \$1,801,295.
- At June 30, 2023, total net position was \$2,063,500.
- At June 30, 2023, the total combined governmental funds balance was \$12,166,990.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – Management's Discussion and Analysis (this section), and the basic financial statements and the notes thereto. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

This document also includes the independent auditors' report on compliance and internal control required by *Government Auditing Standards*, as well as the management letter required by the Rules of the Florida Auditor General, Chapter 10.850, *Audits of Charter Schools and Similar Entities, The Florida Virtual School, and Virtual Instruction Program Providers*.

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire School	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets/deferred outflows of resources and liabilities/deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Financial Statements

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how they have changed. Net position – the difference between the School's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors, such as changes in the School's projected student base.

The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here, such as instruction and school administration.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no major business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has or may use the following types of funds:

- *General Fund* – is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- *Special Revenue Funds* – account for specific revenue, such as federal grants that are legally restricted to expenditures for particular purposes.
- *Capital Projects Fund* – to account for the financial resources accumulated that are restricted for capital outlays.
- *Debt Service Reserve Fund* – to account for the financial resources accumulated for the purpose of servicing and setting aside reserves for payments related to principal and interest.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The following table provides the School's net position as of June 30, 2023 and 2022:

	2023	2022	Amount Increase (Decrease)
Cash and cash equivalents	\$ 3,701,810	\$ 1,256,459	\$ 2,445,351
Investments	4,972,560	4,907,841	64,719
Due from Downtown Doral Charter Upper School	696,534	696,136	398
Receivables (capital outlay and other)	114,253	716,878	(602,625)
Prepaid expenses	31,330	191,813	(160,483)
Inventories	75,252	121,476	(46,224)
Restricted investments - Trustee	4,480,451	4,302,154	178,297
Capital Assets	15,271,510	15,913,991	(642,481)
Total assets	<u>29,343,700</u>	<u>28,106,748</u>	<u>1,236,952</u>
Salaries payable and other accrued liabilities	436,306	422,237	14,069
Interest payable	807,769	823,506	(15,737)
Unearned revenue	66,125	63,800	2,325
Long-term liabilities	25,970,000	26,535,000	(565,000)
Total liabilities	<u>27,280,200</u>	<u>27,844,543</u>	<u>(564,343)</u>
Net position (deficit):			
Net investment in capital assets	(8,073,976)	(7,945,436)	(128,540)
Restricted by bond covenants	1,186,180	803,075	383,105
Unrestricted	8,951,296	7,404,566	1,546,730
Total net position (deficit)	<u>\$ 2,063,500</u>	<u>\$ 262,205</u>	<u>\$ 1,801,295</u>

For the fiscal year ended June 30, 2023, the increase in cash and cash equivalents was due to obtaining surplus cash flows from operation. Receivables decreased due to less federal grants outstanding at end of year. The School's restricted investments decreased due to planned capital outlay and debt service expenditures. Capital assets decreased as depreciation and amortization expense exceeded capital outlays. The decrease in long-term liabilities were related to the scheduled bond principal payments.

Change in Net Position

The following table summarizes the changes in the School's net position from its activities for the fiscal years ended June 30, 2023 and 2022:

Governmental Activities	2023	2022	Amount Increase (Decrease)
Revenues:			
State sources	\$ 8,875,116	\$ 8,376,443	\$ 498,673
Federal sources - grants	1,107,279	720,955	386,324
Local source - grants	-	52,183	(52,183)
Charter school capital outlay	586,911	577,278	9,633
Preschool and after school care	1,746,923	1,585,468	161,455
Interest and other income	1,280,418	57,009	1,223,409
Total revenues	13,596,647	11,369,336	2,227,311
Expenses:			
Instruction	5,377,649	4,988,084	389,565
Instructional support	931,281	627,764	303,517
Instructional media	2,696	3,274	(578)
Professional development	17,578	5,205	12,373
Instruction related technology	113,370	123,739	(10,369)
Board	42,788	74,181	(31,393)
General administration	263,163	272,953	(9,790)
School administration	1,027,027	818,410	208,617
Facilities acquisition and construction	69,937	-	69,937
Fiscal services	167,300	152,707	14,593
Central services	13,457	11,108	2,349
Operation and maintenance of plant	1,293,321	940,955	352,366
Community services	306,694	597,655	(290,961)
Debt issuance costs and trustee fees	11,150	15,499	(4,349)
Interest on long-term debt	1,615,538	1,647,013	(31,475)
Preschool - instruction and other	542,403	466,788	75,615
Total expenses	11,795,352	10,745,335	1,050,017
Change in net position	\$ 1,801,295	\$ 624,001	\$ 1,177,294

For the year ended June 30, 2023, increase in revenue were due to additional state sources, grants and interest and other income. Other income increased due to additional local sources, primarily as a result of a certain charter school referendum. These increases were offset by additional expenses related to instruction, instructional support, school administration and operation and maintenance of plant. The decrease in community service resulted primarily from a contribution made to Downtown Doral Charter Upper School, Inc., which is an affiliated school during the year ended June 30, 2022.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial information is presented separately in the Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

At June 30, 2023, the School had a combined fund balance of \$12,166,990. The total combined fund balance was greater than the government wide net position, primarily because the total of the debt proceeds from the Series 2014 and Series 2017 Bonds described in Note 6 to the financial statements have exceeded the total expenditures to date pertaining to the capital assets, interest, principal retirement, debt issuance costs and other general and administrative expenses. For the year ended June 30, 2023, combined net changes in fund balance was an increase of \$1,848,776, which was primarily the result of revenue exceeding governmental fund expenditures for current activities, debt service, and capital outlay. The General Fund had a fund balance of \$9,179,590, which increased during the year by \$1,725,585 primarily as a result of General Fund revenue and transfers from the Capital Projects Fund exceeding expenditures and transfers out for debt service. The Capital Projects Fund had a fund balance of \$130,166, which increased by \$66,553, primarily as a result of revenue exceeding expenditures and transfers out. The Debt Service Fund had a fund balance of \$2,857,234, which increased by \$56,638, primarily as a result of transfers from the general fund and investment income exceeding principal and interest payments on long-term debt. At June 30, 2023, the fund balances of the Capital Projects Fund and Debt Service Fund are restricted in use pursuant to certain requirements related to the Series 2014 and Series 2017 Bonds. The general fund expenditure variances from the preceding year were essentially the same as those for the statement of activities.

BUDGETARY COMPARISON SCHEDULE

As shown in the accompanying budgetary comparison schedule – general fund, for the year ended June 30, 2023, the School's actual general fund revenues were below the final budget by approximately \$1,538,000, primarily as a result of the actual general fund revenue not including capital outlay revenue, which is included in the capital outlay fund for financial reporting purposes. In addition, the budget included certain grant revenue, which actual revenues thereof are reported in the special revenue funds. General fund expenditures were below the final budget by approximately \$4,526,000, primarily because actual debt service expenditures are included in the debt service fund for financial reporting purposes. Facilities acquisition and construction was included in the budget, but is considered capital outlay for financial reporting purposes. Instruction expenditures were lower than the budget primarily as a result of actual payroll related costs being lower than anticipated. The notes to the accompanying budgetary comparison schedule – general fund also include a budgetary comparison schedule for all of the governmental funds combined. The original budget is amended during the year for new anticipated revenues primarily associated with grants and additional anticipated expenditures for payroll costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the School had capital assets, net of accumulated depreciation and amortization, with a balance of \$15,271,510. Additions to capital assets during the year were \$188,019. More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

Long-term Liabilities

At June 30, 2023, the School had \$25,970,000 in long-term liabilities outstanding. During the year ended June 30, 2023, the School made principal payments of \$565,000. More detailed information about the School's long-term liabilities is presented in Note 6 to the financial statements.

SCHOOL YEAR 2023-2024

For the 2023-2024 school year, the School's most recent budget reflects the combined government fund revenues to be \$14,719,485. Budgeted combined government fund expenditures are expected to be \$13,250,449. The budget reflects an increase in combined government fund balances of \$1,469,036.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 8390 NW 53rd Street, Doral, Florida 33166.

**DOWNTOWN DORAL CHARTER
ELEMENTARY SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

STATEMENT OF NET POSITION

JUNE 30, 2023

		Governmental Activities
ASSETS		
Cash and cash equivalents		\$ 3,701,810
Investments		4,972,560
Due from Downtown Doral Charter Upper School		696,534
Receivables (capital outlay and other)		114,253
Prepaid expenses		31,330
Inventories		75,252
Restricted investments - Trustee		4,480,451
Capital Assets:		
Leasehold improvements	\$ 14,457,914	
Furniture and equipment	615,654	
Technology equipment	1,431,738	
Prepaid ground lease	4,519,753	
Total capital assets	21,025,059	
Less accumulated depreciation and amortization	(5,753,549)	
Capital assets, net		15,271,510
Total assets		\$ 29,343,700
LIABILITIES		
Salaries payable and other accrued liabilities		\$ 436,306
Interest payable		807,769
Unearned revenue		66,125
Long-term debt:		
Due within one year:		
Bonds payable	\$ 595,000	
Due in more than one year:		
Bonds payable	25,375,000	
Total long-term debt		25,970,000
Total liabilities		27,280,200
NET POSITION		
Net investment in capital assets		(8,073,976)
Restricted by bond covenants		1,186,180
Unrestricted		8,951,296
Total net position		2,063,500
Total liabilities and net position		\$ 29,343,700

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

**DOWNTOWN DORAL CHARTER
ELEMENTARY SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues			Net (Expense) Revenue and Changes in Net position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
Instruction	\$ 5,377,649	\$ -	\$ 989,878	\$ -	\$ (4,387,771)	\$ (4,387,771)
Instructional support	931,281	-	-	-	(931,281)	(931,281)
Instructional media	2,696	-	-	-	(2,696)	(2,696)
Professional development	17,578	-	-	-	(17,578)	(17,578)
Instruction related technology	113,370	-	117,401	-	4,031	4,031
Board	42,788	-	-	-	(42,788)	(42,788)
General administration	263,163	-	-	-	(263,163)	(263,163)
School administration	1,027,027	-	-	-	(1,027,027)	(1,027,027)
Facilities acquisition and construction	69,937	-	13,665	586,911	530,639	530,639
Fiscal services	167,300	-	-	-	(167,300)	(167,300)
Central services	13,457	-	-	-	(13,457)	(13,457)
Operation and maintenance of plant	1,293,321	-	-	-	(1,293,321)	(1,293,321)
Community services	306,694	849,966	-	-	543,272	543,272
Debt issuance costs and trustee fees	11,150	-	-	-	(11,150)	(11,150)
Interest on long-term debt	1,615,538	-	-	-	(1,615,538)	(1,615,538)
Preschool - instruction and other	542,403	896,957	-	-	354,554	354,554
Total governmental activities	<u>\$ 11,795,352</u>	<u>\$ 1,746,923</u>	<u>\$ 1,120,944</u>	<u>\$ 586,911</u>	<u>(8,340,574)</u>	<u>(8,340,574)</u>
			General revenues:			
				8,861,451	8,861,451	
				181,140	181,140	
				1,099,278	1,099,278	
				<u>10,141,869</u>	<u>10,141,869</u>	
				1,801,295	1,801,295	
				262,205	262,205	
				<u>\$ 2,063,500</u>	<u>\$ 2,063,500</u>	

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

**DOWNTOWN DORAL CHARTER
ELEMENTARY SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

**BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Fund</u>
ASSETS				
Cash and cash equivalents	\$ 3,701,810	\$ -	\$ -	\$ 3,701,810
Investments	4,972,560	-	-	4,972,560
Due from Downtown Doral Charter Upper School	696,534	-	-	696,534
Receivables (capital outlay and other)	67,004	-	47,249	114,253
Prepaid expenses	31,330	-	-	31,330
Inventories	75,252	-	-	75,252
Restricted investments - Trustee	90,282	4,260,003	130,166	4,480,451
Due from Capital Projects Fund	47,249	-	-	47,249
	<u>9,682,021</u>	<u>4,260,003</u>	<u>177,415</u>	<u>14,119,439</u>
Total assets	<u>\$ 9,682,021</u>	<u>\$ 4,260,003</u>	<u>\$ 177,415</u>	<u>\$ 14,119,439</u>
LIABILITIES AND FUND BALANCE				
Salaries payable and other accrued liabilities	\$ 436,306	\$ -	\$ -	\$ 436,306
Bond payable	-	595,000	-	595,000
Interest payable	-	807,769	-	807,769
Due to General Fund	-	-	47,249	47,249
Unearned revenue	66,125	-	-	66,125
	<u>502,431</u>	<u>1,402,769</u>	<u>47,249</u>	<u>1,952,449</u>
Total liabilities	<u>502,431</u>	<u>1,402,769</u>	<u>47,249</u>	<u>1,952,449</u>
Fund balance:				
Nonspendable	106,582	-	-	106,582
Restricted	228,294	2,857,234	130,166	3,215,694
Committed	4,972,560	-	-	4,972,560
Unassigned	3,872,154	-	-	3,872,154
	<u>9,179,590</u>	<u>2,857,234</u>	<u>130,166</u>	<u>12,166,990</u>
Total fund balance	<u>9,179,590</u>	<u>2,857,234</u>	<u>130,166</u>	<u>12,166,990</u>
Total liabilities and fund balance	<u>\$ 9,682,021</u>	<u>\$ 4,260,003</u>	<u>\$ 177,415</u>	<u>\$ 14,119,439</u>

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

**DOWNTOWN DORAL CHARTER
ELEMENTARY SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY
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**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION**

JUNE 30, 2023

Total fund balance – governmental funds	\$ 12,166,990
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. These assets consist of:

Capital assets, net	15,271,510
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Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:

Bonds payable - due in more than one year	<u>(25,375,000)</u>
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Total net position – governmental activities	<u>\$ 2,063,500</u>
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The accompanying notes to financial statements are an integral part of this statement.

**DOWNTOWN DORAL CHARTER
ELEMENTARY SCHOOL, INC.
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**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2023

	General Fund Major	Debt Service Fund Major	Capital Projects and Special Revenue Funds Nonmajor	Total Governmental Funds
REVENUES				
State sources	\$ 8,861,451	\$ -	\$ 13,665	\$ 8,875,116
Federal sources	-	-	1,107,279	1,107,279
Charter school capital outlay	-	-	586,911	586,911
Preschool and after school care	1,746,923	-	-	1,746,923
Investment income	70,491	107,697	2,952	181,140
Local sources and other revenue	1,099,278	-	-	1,099,278
Total revenues	<u>11,778,143</u>	<u>107,697</u>	<u>1,710,807</u>	<u>13,596,647</u>
EXPENDITURES				
Current:				
Instruction	3,776,362	-	936,887	4,713,249
Instructional support	931,281	-	-	931,281
Instructional media	2,696	-	-	2,696
Professional development	17,578	-	-	17,578
Instruction related technology	113,370	-	-	113,370
Board	42,788	-	-	42,788
General administration	263,163	-	-	263,163
School administration	860,927	-	-	860,927
Facilities acquisition and construction	69,937	-	-	69,937
Fiscal services	167,300	-	-	167,300
Central services	13,457	-	-	13,457
Operation and maintenance of plant	1,293,321	-	-	1,293,321
Community services	306,694	-	-	306,694
Preschool - instruction and other	542,403	-	-	542,403
Debt service				
Debt issuance costs and trustee fees	11,150	-	-	11,150
Expenditures for principal reduction	-	595,000	-	595,000
Interest on long-term debt	-	1,615,538	-	1,615,538
Capital outlay				
Facilities, construction, technology, furniture and equipment	56,953	-	131,066	188,019
Total expenditures	<u>8,469,380</u>	<u>2,210,538</u>	<u>1,067,953</u>	<u>11,747,871</u>
Excess (Deficiency) of revenues over (under) expenditures	3,308,763	(2,102,841)	642,854	1,848,776
Other financing sources:				
Transfers in	748,158	2,226,320	105,016	3,079,494
Transfers out	(2,331,336)	(66,841)	(681,317)	(3,079,494)
Net changes in fund balances	1,725,585	56,638	66,553	1,848,776
Fund balance at beginning of year	<u>7,454,005</u>	<u>2,800,596</u>	<u>63,613</u>	<u>10,318,214</u>
Fund balance at end of year	<u>\$ 9,179,590</u>	<u>\$ 2,857,234</u>	<u>\$ 130,166</u>	<u>\$ 12,166,990</u>

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

**DOWNTOWN DORAL CHARTER
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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2023

Net changes in fund balances – total governmental funds **\$ 1,848,776**

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

Capital outlay is reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation and amortization.

The amount by which depreciation and amortization exceeded capital outlays is as follows:

Total capital outlays	\$ 188,019	
Depreciation and amortization - capital assets	<u>(830,500)</u>	
		(642,481)

The issuance of long-term debt provides current financial resources of governmental funds, while expenditures of debt service for principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Expenditures for principal reductions for the year	<u>595,000</u>	
		<u>595,000</u>

Change in net position of governmental activities **\$ 1,801,295**

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

**DOWNTOWN DORAL CHARTER
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Downtown Doral Charter Elementary School, Inc. (the "School") is 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 School was organized in November 2012, and its general operating authority is contained in Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation's Board of Directors. The School's mission is to provide its students with a comprehensive dual curriculum and bicultural/bilingual education through language acquisition and innovative programs, facilitated by a highly qualified staff promoting students' academic excellence creating future world leaders.

The School is a multicultural, multilingual elementary school serving grades kindergarten through five. For the 2022-2023 school year, the School served approximately 1,086 students. The School also offers a preschool program and before school and after school care services. The School is located on the southeast corner of 84th Avenue and 53rd Street, Doral, Florida.

In June 2014, the School entered into a Charter School Contract (the "Charter") by and between the School and the School Board of Miami-Dade County (the "School Board"). The term of the Charter was renewed and ends on June 30, 2035. During the term of the Charter, the School Board may also terminate the Charter if good cause is shown. In the event of termination of the Charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is sponsored by the School Board and is considered to be a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School follows generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB Codification of Governmental Accounting and Financial Reporting Standards. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

Basis of presentation

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. These statements report all activities of the School and its component units, and do not include fiduciary funds. Any internal interfund activity has been eliminated from these financial statements. The statement of net position includes all of the School's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. 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 capital grants specific to capital outlay and charges to recipients for goods and services associated with programs. Other revenue sources not properly included with program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School. The government-wide financial statements of the School are generally divided into three categories:

- *Governmental activities* – most of the School's basic services are included here.
- *Business-type activities* – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no major business-type activities.
- *Component units* – there currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Special Revenue Funds – to account for the proceeds of specific revenue sources, such as Federal grants that are restricted by law or administrative action to expenditure for specific purposes.
- Capital Projects Fund – to account for the financial resources accumulated that are restricted for capital outlays.
- Debt Service Fund – to account for the financial resources accumulated for the purpose of servicing and setting aside reserves for payments related to principal and interest.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

For purposes of these statements, the general fund and debt service fund constitute major funds. The capital projects fund and special revenue funds are considered non-major.

Basis of accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current year 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. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is generally recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Use of estimates

In preparing the financial statements, Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of the date of the statement of net position and affect revenues and expenditures for the year presented. Actual results could differ significantly from those estimates.

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 and purchased services).

Deposits and investments

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

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

Restricted Investments – Trustee

At June 30, 2023, the School had restricted investments held in trust accounts. The restrictions are the result of the establishment of certain accounts pursuant to the Indenture of Trust agreement, with a financial institution that serves as “Trustee.” As of June 30, 2023, the accounts established had been a Debt Service Reserve Fund account; a Bond Fund account to service the debt; an Operating Reserve Fund account; and certain other accounts established as detailed in the Indenture of Trust Agreement. The above Trustee accounts are accounted within the General Fund, Capital Projects Fund and Debt Service Fund under the caption “Restricted Investments – Trustee.”

Inventories

Inventories consist of expendable unused books and instructional materials held by the School, which are carried at cost using the first-in, first-out method using the consumption method.

Capital assets, depreciation and amortization

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Capital assets reflected on the statement of net position are reported at cost, or at the acquisition value of the assets if received via a gift, and net of accumulated depreciation and amortization. For purposes of recording capital assets, the School has a capitalization threshold of \$1,000. Certain bulk capital asset purchases with individual assets that are less than \$1,000 may also be capitalized depending on materiality.

The School considers that capital assets are used primarily by the instructional and school administration function, and has derived an allocation percentage of 80% and 20%, respectively for such functions.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Furniture, fixtures and equipment	5 – 20
Leasehold improvements	20 – 31
Prepaid ground lease	31

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

Income Taxes

Downtown Doral Charter Elementary School, Inc. is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

The School has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. The School assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that the School believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service or the applicable state taxing authority. The School believes all of its tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been evaluated following the same "more likely than not" measurement threshold. The School has not accrued any interest and or penalties related to income taxes. The School is subject to audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Revenue

Revenues for current operations are received primarily from the School Board of Miami-Dade County, Florida pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education ("FDOE") by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the Florida Education Finance Program ("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. The School Board receives an administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying statement of activities and statement of revenues, expenditures and changes in fund balances – governmental funds. This administrative fee is calculated on the FEFP revenue up to 250 students. The administrative fee charged by the School Board during the year ended June 30, 2023, was approximately \$29,000.

Revenues received from the School Board of Miami-Dade County, Florida are recognized when considered earned, which is generally in the month when the moneys are received.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

The School may receive awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For 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.

The School also receives revenue related to charges for services related to preschool and before and after school care programs. Revenues related to such charges for services are recognized when considered earned, which is also generally in the month when the fees are collected.

Net Position and Fund Balance Classifications

Government-wide financial statements

Net position is displayed in three components:

1. Net investment in capital assets – consists of capital assets net of accumulated depreciation and amortization and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets.
2. 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. At June 30, 2023, the School had restricted net position pertaining to 1) bond covenants and 2) for improvement of high-quality teachers and instructional personnel, and to increase school safety and security personnel (charter school referendum). The restricted net position related to the charter school referendum is expected to be expended for the year ending June 30, 2024.
3. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

Generally accepted accounting principles define the different types of fund balances that a governmental entity must use for financial reporting purposes. Fund balance amounts are to be properly reported within one of the fund balance categories listed below:

1. Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans, and notes receivable, and property held for sale (unless the proceeds are restricted committed or assigned). All nonspendable fund balances at year end relate to assets not in spendable form.
2. Restricted – fund balance associated with amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2023, the School had restricted fund balances related to the same restrictions mentioned above for restricted net position.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

3. 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, 2023, the School had funds committed for future capital outlays and operating reserves. Committed funds can only be uncommitted by formal action of the School's Board of Directors. The Board of Directors is considered to be the highest level of authority for the School.
4. Assigned – fund balance classification that is intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – fund balance classification that is the residual classification for the School's general fund and includes all spendable amounts not contained in the other classifications.

Fund balance spending policy

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, and then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the School's Board of Directors. There are no minimum fund balance requirements for any of the School's funds.

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 expense or expenditure until then. The School has no items that meet this criterion. 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 revenue until then. The School has no items that meet this criterion.

Due to and from Governmental Funds

From time to time, the School may have interfund activity. This activity is eliminated in the government wide financial statements.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

Recent accounting pronouncements

In June 2017, the GASB issued Statement of the Governmental Accounting Standards Board (GASBS) No. 87 - *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The School has adopted this statement.

NOTE 2 – CASH, CASH EQUIVALENTS, INVESTMENTS AND RESTRICTED INVESTMENTS – TRUSTEE

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the School's deposits may not be recoverable. The School's unrestricted cash is deposited in a local bank that is insured under Federal Deposit Insurance Corporation (FDIC). Under FDIC rules, the School is entitled to aggregate insurance coverage of \$250,000 per financial institution. At June 30, 2023, unrestricted cash balance exceeded FDIC insurance coverage by \$3,451,810. The School has not formally adopted an investment policy regarding custodial credit risk; however, Management of the School believes the stability and financial strength of the local bank significantly reduces the custodial credit risk.

The School's restricted investments held by the Trustee are considered to be backed by eligible collateral in the name of the School, and as such, considered by Management not to be exposed to custodial credit risk.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

Credit Risk

Credit risk arises from the potential default of investments that are not financially sound. In connection with the issuance of bond debt described in Note 6, the School was required to deposit the proceeds with the Trustee. The Indenture of Trust agreement addresses credit risk by only permitting the Trustee to invest funds for the School in qualified investments as defined in the Indenture. The Trustee invests in a money market fund with a portfolio composition consisting of U. S. Government obligations and repurchase agreements collateralized by U.S. Government obligations. The money market fund had a Standard and Poor's (S&P) rating of AAAM at June 30, 2023. In addition, the School also invests excess funds in U.S. Treasury Bills and Notes, which management does not consider to be exposed to credit risk. The S&P rating is A-1+ and AA+ for the U.S. Treasury Bills and Notes, respectively.

Interest Rate Risk

The School manages its exposure to declines in fair values by substantially limiting the weighted average maturity on all investments to two years or less and holding investments until maturity. The calculated weighted average maturity at end of year for all restricted investments held by the money market fund was 23 days. The weighted average maturity for the U.S. Treasury Bills was less than one year, and for the U.S. Treasury Notes it was less than two years.

Measurement

The School's restricted investments and U.S. Treasury Bills meet the necessary criteria and are reported at amortized cost, since they have maturities of one year or less. Accordingly, such investments are not measured at fair value. However, due to the investments short-term maturity, amortized cost generally approximates fair value. Investments in U.S. Treasury Notes are measured at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB Statement No. 72 establishes a hierarchy for fair value, which applies to the inputs used on the valuation, not the valuation technique. Level 1 Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs –other than quoted prices included in Level 1– that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. If fair value is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest input that is significant to the entire measurement. The School's Treasury Notes are measured using Level 1 inputs.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

NOTE 3 – CAPITAL ASSETS

The following table reflects the activity for the year ended June 30, 2023, related to the School's capital assets:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Prepaid ground lease	\$ 4,519,753	\$ -	\$ -	\$ 4,519,753
Leasehold improvements	14,448,128	9,786	-	14,457,914
Furniture and equipment	579,746	35,908	-	615,654
Technology equipment	<u>1,289,413</u>	<u>142,325</u>	-	<u>1,431,738</u>
Total capital assets	<u>20,837,040</u>	<u>188,019</u>	-	<u>21,025,059</u>
Less accumulated amortization for prepaid ground lease	(1,004,615)	(145,161)	-	(1,149,776)
Less accumulated depreciation and amortization for other assets:				
Leasehold improvements	(2,741,587)	(472,873)	-	(3,214,460)
Furniture and equipment	(294,764)	(36,585)	-	(331,349)
Technology equipment	<u>(882,083)</u>	<u>(175,881)</u>	-	<u>(1,057,964)</u>
Total accumulated depreciation and amortization	<u>(4,923,049)</u>	<u>(830,500)</u>	-	<u>(5,753,549)</u>
Governmental activities capital assets, net	<u>\$ 15,913,991</u>	<u>\$ (642,481)</u>	<u>\$ -</u>	<u>\$ 15,271,510</u>

For the year ended June 30, 2023, depreciation and amortization expense for capital assets was charged to functional categories as follows:

Instruction	\$ 664,400
School administration	166,100
	<u>\$ 830,500</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

NOTE 4 – GROUND LEASE AGREEMENT

The School has a ground lease agreement with the School Board dated as of October 30, 2013, (the "Ground Lease"), under which the School leased land from the School Board, on which the development and construction of the School Site took place. The initial term of the Ground Lease is the longer of thirty-two (32) years or the maturity date of certain Series 2014 Bonds (Note 6) and provides two ten-year renewal options to the School. Upon issuance of the Series 2014 Bonds, the Ground Lease provides that the School shall pay the School Board the sum of \$4,500,000 as "Total Base Rent" for the entire initial term of the Ground Lease. The Total Base Rent was paid upon the issuance of the Series 2014 Bonds. The School shall be responsible for substantially all costs and expenses relating to the School Site and the business carried on therein during the term of the Ground Lease. The Ground Lease permitted the creation of a leasehold mortgage in favor of a certain Trustee for the benefit of certain Bondholders (Note 6). The School Board executed and delivered such leasehold mortgagee, setting forth and confirming the terms of the Ground Lease for the benefit of such leasehold mortgagee.

In August 2014, the School made the required rent payment under the Ground Lease of \$4,500,000. In July 2017, the Ground Lease was amended in order for the School Board to allow for the construction of expanded facilities.

The prepaid ground lease is considered an intangible right-to-use lease asset and a capital asset under GASBS 87. The adoption of GASBS 87, did not alter the previous presentation of the Ground Lease, as prior to the adoption, it was considered a capital asset, which was being amortized over the lease term. See Note 3 for additional information on the Ground Lease.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

NOTE 5 – AGREEMENTS AND TRANSACTIONS WITH THE SCHOOL BOARD AND OTHER RELATED ENTITIES

School Board

In July 2014, the School entered into a Management Agreement, with the School Board that provides operational, management and administrative services to the School. The School Board coordinates the management and administrative duties required to operate the School. The School Board reports to the School's Board of Directors and advises it of the systems established for administrative duties. The School Board's services include, but are not limited to, staffing recommendations, human resource coordination, regulatory compliance, corporate records maintenance, and the bookkeeping, budgeting, cash management and financial reporting required by the Board of Directors. The Management Agreement provides that the School shall pay the School Board a management fee, which is derived based on the number of students attending. The term of the Management Agreement shall be, in effect, the same as those for the term of the Charter unless earlier terminated. Management fees incurred under the management agreement for the year ended June 30, 2023, totaled approximately \$234,000.

During the year ended June 30, 2023, the School incurred \$50,000 for information technology services the School Board rendered, which is included under the function instruction related technology.

Downtown Doral Charter Upper School, Inc.

At June 30, 2023, the School was due \$696,534 from Downtown Doral Charter Upper School, Inc. ("DDCUS"), for certain expenditures the School paid on DDCUS's behalf and a short-term loan. The School and DDCUS are affiliated entities since they are overseen by the same Head of School, managed by the School Board, and have certain board members in common.

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JUNE 30, 2023 (Continued)

Lease with Downtown Doral Charter Schools Foundation, Inc.

The School, together with DDCUS, currently has a lease agreement for residential property that is used for the Head of School's housing and for School-related events. The Head of School, as a condition of her employment, is required by the School to live on this property in order to be near the School on a 24-hour basis. The lease is with Downtown Doral Charter Schools Foundation, Inc, which is a related entity, as the President of the School's board of directors also serves on the board of directors of the Foundation. The lease does not require any base or fixed rent payments; however, additional payments may be due for property related real estate taxes, insurance, association fees and other items mentioned on the lease agreement. The term of the lease is through Jun 30, 2035, and the School along with the DDCUS may renew the lease for two additional 15-year terms. During the year, the School incurred approximately \$5,900 for net expenditures associated with this property. Because the lease agreement does not require base or fixed rent payments, a right-to-use asset and corresponding lease liability was not required to be recorded pursuant to GASBS 87.

NOTE 6 – LONG-TERM DEBT

Series 2014 Bonds

In August 2014, the Florida Development Finance Corporation Educational Facilities Revenue Bonds, Series 2014A, in the aggregate principal amount of \$21,505,000 (the "Series 2014A Bonds"), and the Florida Development Finance Corporation Taxable Educational Facilities Revenue Bonds, Series 2014B, in the aggregate principal amount of \$320,000 (the "Series 2014B Bonds" and together with the Series 2014A Bonds, the "Series 2014 Bonds") were issued. The proceeds of the Series 2014 Bonds were loaned by the Florida Development Finance Corporation (the "Issuer") to the School, and were used by the School (i) to acquire, construct, and equip certain charter school facility (the "Facility") located within Miami-Dade County, Florida, which is located on land subject to a Ground Lease (described in Note 4) with the School Board and improvements thereto (collectively, the "Project") and to prepay the rent under the Ground Lease for the entire initial term thereof, (ii) to fund a Debt Service Reserve Fund for the Series 2014 Bonds, (iii) to fund capitalized interest with respect to the Series 2014 Bonds through September 1, 2016, and (iv) to pay the costs of issuance of the Series 2014 Bonds. The Bonds were issued pursuant to a certain Indenture of Trust dated as of August 1, 2014, by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee").

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

The following table describes the maturity dates and the interest rates on the Series 2014 Bonds:

Series 2014A Bonds		
Final Maturity Date	Principal Amount	Interest Rate
July 1, 2024	\$ 2,175,000	5.75%
July 1, 2034	\$ 6,775,000	6.25%
July 1, 2044	\$ 12,555,000	6.50%

Series 2014B Bonds (Taxable)		
Final Maturity Date	Principal Amount	Interest Rate
July 1, 2020	\$ 320,000	7.00%

In connection with the Project, the School entered into a Loan Agreement (the "2014 Loan Agreement"), dated as of August 1, 2014, pursuant to which the issuer loaned the proceeds of the Series 2014 Bonds to the School. The School's payment of principal and interest will be used to pay principal of and interest on the Series 2014 Bonds. In order to secure the payment of the Series 2014 Bonds, the Issuer assigned all of its rights and interest in the 2014 Loan Agreement to the "Trustee" pursuant to an assignment contained in the Indenture of Trust. The obligations of the School under the 2014 Loan Agreement are secured by (i) a mortgage interest in the Facilities (which mortgage consists of a leasehold mortgage interest in the Ground Lease and school facilities pursuant to the Loan Agreement), (ii) an assignment of and security interest in certain School revenues, and (iii) a security interest in all other assets of the Borrower related to the Project, excluding property prohibited by law from being pledged as security because it has been purchased or refinanced with federal or state grant funds.

Series 2017 Bonds

On August 1, 2017, the Florida Development Finance Corporation Educational Facilities Revenue Bonds, Series 2017A, in the aggregate principal amount of \$6,005,000 (the "Series 2017A Bonds"), and the Florida Development Finance Corporation Taxable Educational Facilities Revenue Bonds, Series 2017B, in the aggregate principal amount of \$295,000 (the "Series 2017B Bonds" and together with the Series 2017A Bonds, the "Series 2017 Bonds") were issued. The proceeds of the Series 2017 Bonds were loaned by the Florida Development Finance Corporation (the "Issuer") to the School, and are to be used by the School (i) to acquire, construct, and equip the Expansion of the School (ii) to fund an increase in the size of the existing Debt Service Reserve necessitated by the issuance of the Series 2017 Bonds, (iii) to fund capitalized interest with respect to the Series 2017 Bonds through July 1, 2018, and (iv) to pay the costs of issuance of the Series 2017 Bonds. The Bonds were issued pursuant to the Indenture of Trust dated as of August 1, 2014, by and between the Issuer and the Trustee, as amended and supplemented by a Series 2017

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

Supplemental Indenture of Trust, dated August 1, 2017 by and between the Issuer and the Trustee.

The School entered into a Loan Agreement (the "2017 Loan Agreement"), dated as of August 1, 2017, pursuant to which the issuer loaned the proceeds of the Series 2017 Bonds to the School. The School's payment of principal and interest will be used to pay principal of and interest on the Series 2017 Bonds. In order to secure the payment of the Series 2017 Bonds, the Issuer assigned all of its rights and interest in the 2017 Loan Agreement to the "Trustee" pursuant to an assignment contained in the Indenture of Trust. The obligations of the School under the 2017 Loan Agreement are secured by (i) the original mortgage interest in the Facilities, which secured the Series 2014 Bonds, (ii) an assignment of and security interest in certain pledged revenues, (iii) a security interest in a certain School deposit account, and (iv) a security interest in all other assets of the School related to the Series 2017 Facilities, as defined in the 2017 Loan Agreement.

The following table describes the maturity dates and the interest rates on the Series 2017 Bonds:

Series 2017A Bonds		
Final Maturity Date	Principal Amount	Interest Rate
July 1, 2027	\$ 1,070,000	5.00%
July 1, 2044	\$ 4,935,000	5.75%

Series 2017B Bonds (Taxable)		
Final Maturity Date	Principal Amount	Interest Rate
July 1, 2020	\$ 295,000	7.25%

Financial Covenants

Beginning with the fiscal year end June 30, 2017, and ending with the fiscal year ending June 30, 2019, the School is required to maintain a minimum debt service coverage ratio (DSCR), as defined in the 2014 Loan Agreement, of 1.00. The DSCR increases to 1.05 for the fiscal year ending June 30, 2020, and 1.10 for the fiscal year ending June 30, 2021, and each fiscal year thereafter. Compliance with the DSCR is to be tested at the end of each fiscal year. The School is required to maintain, beginning with the fiscal year ending June 30, 2017, and ending with the fiscal year ending June 30, 2020, a minimum DSCR, as defined in the 2017 Loan Agreement of 1.00. The DSCR increases to 1.05 for the fiscal year ending June 30, 2021, and 1.10 for the fiscal year ending June 30, 2022, and each fiscal year thereafter.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

Beginning with the fiscal year ending June 30, 2017 through June 30, 2019, the School is required by the 2014 Loan Agreement and 2017 Loan Agreement to have available cash on hand, as defined thereon, of 35 days at the end of the fiscal year. The number of days increases to 40 days for the year ending June 30, 2020, and 45 days for the year ending June 30, 2021, and each fiscal year end thereafter.

For the year ended June 30, 2023, the School complied with the financial covenants.

Debt Service Reserve Fund

The Indenture of Trust agreement requires the School to maintain a Debt Service Reserve Fund with the Trustee. At June 30, 2023, the amount held in the Debt Service Reserve Fund was \$2,278,164. The amount required to be held in the Debt Service Reserve Fund is established pursuant to a certain formula described in the Indenture of Trust agreement, as amended and supplemented by a Series 2017 Supplemental Indenture of Trust, dated August 1, 2017 by and between the Issuer and the Trustee. This amount is included with restricted investments - trustee at June 30, 2023.

The following is a schedule of long term debt activity during the year ended June 30, 2023:

	Series 2014 Bonds	Series 2017 Bonds	Total
Balance – beginning of year	\$ 20,695,000	\$ 5,840,000	\$ 27,535,000
Additions	-	-	-
Reductions	(430,000)	(135,000)	(565,000)
Balance – end of year	<u>\$ 20,265,000</u>	<u>\$ 5,705,000</u>	<u>\$ 25,970,000</u>
Amount due within one year	<u>\$ 455,000</u>	<u>\$ 140,000</u>	<u>\$ 595,000</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

The following table lists the combined principal and interest due until maturity of the long-term debt for each of the subsequent five fiscal years and in five-year increments thereafter:

Year Ending June 30,	Principal Due			Total Interest Incurred
	Series 2014 Bonds	Series 2017 Bonds	Total Principal Due	
2024	\$ 455,000	\$ 140,000	\$ 595,000	\$ 1,582,375
2025	480,000	145,000	625,000	1,547,525
2026	510,000	155,000	665,000	1,507,900
2027	540,000	160,000	700,000	1,466,150
2028	575,000	170,000	745,000	1,421,713
2029 - 2033	3,450,000	1,005,000	4,455,000	6,320,588
2034 - 2038	4,675,000	1,325,000	6,000,000	4,666,375
2038 - 2043	6,400,000	1,755,000	8,155,000	2,374,950
2044 - 2045	3,180,000	850,000	4,030,000	131,613
Total	\$ 20,265,000	\$ 5,705,000	\$ 25,970,000	\$ 21,019,188

The debt service payments shown above for the Series 2014 and Series 2017 bonds on the above table are due January 1st and July 1st of each year. As such, the July payment is the first payment for the fiscal year, which ends on June 30. Pursuant to the requirements of the Indenture of Trust, the School is required to make monthly transfers from the General Fund to the Debt Service Fund in order to accumulate funds for the payment of debt service on the Bonds.

The School transfers from the General Fund to the Debt Service Fund moneys for the purpose of paying long-term debt.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

NOTE 7 – STATE AND PROGRAM REVENUES

The following is a schedule of state revenue, not associated with programs, for the year ended June 30, 2023:

State Sources:

District School Board of Miami-Dade County, Florida:

General:

Florida Education Finance Program	\$ 7,112,805
Class size reduction	1,140,034
SAFE Schools	82,397
FL Teachers Classroom Supply	21,045
Teacher Salary Increase Alloc	302,896
FL School Recognition Funds	202,274
Total General	<u><u>\$ 8,861,451</u></u>

The following is a schedule of program revenues, including charges for services, which offset expenses reported on the statement of activities for the year ended June 30, 2023:

Program Revenues

State Sources:

School Hardening	\$ 13,665
Charter School Capital Outlay	586,911
Total State Sources	<u><u>\$ 600,576</u></u>

Federal Sources:

Title IV Grant	\$ 48,554
CARES Act and CRRSA Grants	1,058,725
Total	<u><u>\$ 1,107,279</u></u>

Charges for Services:

Before and after school care, summer camp, and other fees	\$ 849,966
Preschool services fees	896,957
Total Program Revenues	<u><u>\$ 1,746,923</u></u>

These program revenues offset the given functions as they are directly connected with those respective functions.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

NOTE 8 – INTERFUND TRANSFERS AND BALANCES

The School transfers resources among funds to subsidize the operations of such funds for their established purpose. Transfers in and out of the special revenue funds are generally done at the beginning and end of year to open and close out the funds. The general fund will regularly transfer funds to the debt service fund for debt service expenditures. The capital projects fund will transfer amounts to the general fund for capital outlay expenditures paid out of the general fund. Interfund transfers during the year ended June 30, 2023, were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 748,158	\$ 2,331,336
Debt Service Fund	2,226,320	66,841
Capital Projects and Special Revenue Funds	105,016	681,317
Total	<u>\$ 3,079,494</u>	<u>\$ 3,079,494</u>

At end of year, the capital projects fund owes the general fund for incurred capital outlay expenditures. The following is a schedule of interfund balances due to and from the General Fund and Capital Projects Fund as of June 30, 2023:

Fund	Receivable	Payable
General Fund	\$ 47,249	\$ -
Capital Projects Fund	-	47,249
Total	<u>\$ 47,249</u>	<u>\$ 47,249</u>

Amounts above are expected to be repaid within one year.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

NOTE – 9 COMMITMENTS AND CONTINGENT LIABILITIES

The School receives a majority of its funding from the School Board 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 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 from time to time may participate in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of Management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures, which may be disallowed by federal or state grantor agencies, would not be material to the financial position of the School.

Legal Matters

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of Management, the ultimate resolution of such legal matters or losses incurred as a result thereof will not be material to the financial position of the School.

NOTE 10 – DEFINED CONTRIBUTION PLAN

The School's employees are eligible to participate in a 401(k) Profit Sharing Plan ("the Plan"), which is made available by the School's payroll provider. The Plan is considered a Defined Contribution Plan and is available to employees that meet certain eligibility criteria. During the year ended June 30, 2023, the School contributed to the Plan approximately \$101,000. The name of the 401(k) Plan is Regis HR Group 401(k).

NOTE 11 – 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 historically not exceeded insurance coverage. In addition, for the year ended June 30, 2023, there were no reductions in insurance coverage from those in the prior year.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 (Continued)

NOTE – 12 COVID-19

Management of the School is unable to determine the duration and extent of the financial impact that COVID-19 will have on the School, if any.

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REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Original	Budgeted Final	GAAP Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
State sources	\$ 9,034,423	\$ 9,280,109	\$ 8,861,451	\$ (418,658)
Federal sources	2,270,304	1,225,968	-	(1,225,968)
Preschool and after school care	1,559,169	1,577,156	1,746,923	169,767
Local sources, other grants, investment income and other income	196,083	1,233,031	1,169,769	(63,262)
Total revenues	<u>13,059,979</u>	<u>13,316,264</u>	<u>11,778,143</u>	<u>(1,538,121)</u>
EXPENDITURES				
Current:				
Instruction	4,655,507	5,728,887	3,776,362	1,952,525
Instructional support	756,642	859,239	931,281	(72,042)
Instructional media	10,500	4,500	2,696	1,804
Professional development	11,500	19,500	17,578	1,922
Instruction related technology	140,000	166,000	113,370	52,630
Board	83,364	83,364	42,788	40,576
General administration	271,579	274,225	263,163	11,062
School administration	914,006	1,022,043	860,927	161,116
Facilities acquisition and construction	40,000	123,500	69,937	53,563
Fiscal services	156,500	120,500	167,300	(46,800)
Central services	21,000	21,000	13,457	7,543
Student transportation services	8,500	8,500	-	8,500
Operation and maintenance of plant	1,218,764	1,397,400	1,293,321	104,079
Community services	509,396	406,566	306,694	99,872
Preschool - instruction and other	478,774	557,967	542,403	15,564
Debt service	2,202,538	2,202,538	11,150	2,191,388
Capital outlay	-	-	56,953	(56,953)
Total expenditures	<u>11,478,570</u>	<u>12,995,729</u>	<u>8,469,380</u>	<u>4,526,349</u>
Excess (Deficiency) of revenues over (under) expenditures	1,581,409	320,535	3,308,763	2,988,228
Other financing sources:				
Transfers in	-	-	748,158	748,158
Transfers out	-	-	(2,331,336)	(2,331,336)
Net changes in fund balance	<u>\$ 1,581,409</u>	<u>\$ 320,535</u>	<u>\$ 1,725,585</u>	<u>\$ 1,405,050</u>

See report of independent auditors.

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ELEMENTARY SCHOOL, INC.
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REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

NOTES TO BUDGETARY COMPARISON SCHEDULE

The School's budgets presented in the accompanying budgetary comparison schedule are annually adopted and prepared using the modified accrual basis of accounting. Amendments to the School's budgets can only be made with the approval of the board of directors. For the budget, the School does not use a capital outlay function, instead, the School will budget capital outlay expenditures primarily using budgetary functions for instruction, instruction-related technology, and facilities acquisition and construction. Under generally accepted accounting principles in the United States of America (GAAP), actual capital outlay expenditures are to be reported separately from such functions, which may result in variances in the budgetary comparison schedule if such budgetary functions include capital outlay expenditures. In addition, the School combined the special revenue funds with the general fund for budgeting purposes. Below is a budgetary comparison schedule for all combined governmental funds:

	Budgeted Original	Budgeted Final	Total Governmental Funds GAAP Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
State sources	\$ 9,034,423	9,280,109	\$ 9,462,027	\$ 181,918
Federal sources	2,270,304	1,225,968	1,107,279	(118,689)
Preschool and after school care	1,559,169	1,577,156	1,746,923	169,767
Local sources, other grants, investment income and other income	196,083	1,233,031	1,280,418	47,387
Total revenues	<u>13,059,979</u>	<u>13,316,264</u>	<u>13,596,647</u>	<u>280,383</u>
EXPENDITURES				
Current:				
Instruction	4,655,507	5,728,887	4,713,249	1,015,638
Instructional support	756,642	859,239	931,281	(72,042)
Instructional media	10,500	4,500	2,696	1,804
Professional development	11,500	19,500	17,578	1,922
Instruction related technology	140,000	166,000	113,370	52,630
Board	83,364	83,364	42,788	40,576
General administration	271,579	274,225	263,163	11,062
School administration	914,006	1,022,043	860,927	161,116
Facilities acquisition and construction	40,000	123,500	69,937	53,563
Fiscal services	156,500	120,500	167,300	(46,800)
Central services	21,000	21,000	13,457	7,543
Student transportation services	8,500	8,500	-	8,500
Operation and maintenance of plant	1,218,764	1,397,400	1,293,321	104,079
Community services	509,396	406,566	306,694	99,872
Preschool - instruction and other	478,774	557,967	542,403	15,564
Debt service	2,202,538	2,202,538	2,221,688	(19,150)
Capital outlay	-	-	188,019	(188,019)
Total expenditures	<u>11,478,570</u>	<u>12,995,729</u>	<u>11,747,871</u>	<u>1,247,858</u>
Excess (Deficiency) of revenues over (under) expenditures	1,581,409	320,535	1,848,776	1,528,241
Other financing sources:				
Transfers in	-	-	3,079,494	3,079,494
Transfers out	-	-	(3,079,494)	(3,079,494)
Net changes in fund balance	<u>\$ 1,581,409</u>	<u>\$ 320,535</u>	<u>\$ 1,848,776</u>	<u>\$ 1,528,241</u>

Sotolongo & Associates, P.A.

Certified Public Accountants

Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Downtown Doral Charter
Elementary School, Inc.
Doral, Florida

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downtown Doral Charter Elementary School, Inc. (the "School"), a charter school sponsored by the School Board of Miami-Dade County, Florida, 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 thereon dated September 11, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or 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 significant deficiencies 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*.

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.

Sotolongo & Associates, P.A.

Miami, Florida
September 11, 2023

ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE FLORIDA AUDITOR GENERAL,
CHAPTER 10.850, *AUDITS OF CHARTER SCHOOLS AND SIMILAR
ENTITIES, THE FLORIDA VIRTUAL SCHOOL, AND VIRTUAL
INSTRUCTION PROGRAM PROVIDERS*

Sotolongo & Associates, P.A.

Certified Public Accountants

To the Board of Directors of
Downtown Doral Charter
Elementary School, Inc.
Doral, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downtown Doral Charter Elementary School, Inc., a charter school sponsored by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2023, and have issued our report thereon dated September 11, 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 Auditor's 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 that report, which is dated, September 11, 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. No findings or recommendations were made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Downtown Doral Charter Elementary School, Inc., and the school code assigned to it is 13-3002.

Financial Condition and Management

Section 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the Downtown Doral Charter Elementary School, Inc. 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 Downtown Doral Charter Elementary School, Inc. 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 Downtown Doral Charter Elementary School, Inc. It is management's responsibility to monitor the Downtown Doral Charter Elementary School, Inc.'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. We performed the financial condition assessment procedures for the year ended June 30, 2023, which included calculation and analysis of certain financial indicators we considered relevant to the School. No deteriorating financial condition was noted as a result of this assessment.

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 such recommendations.

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Sotolongo & Associates, P.A.

Miami, Florida
September 11, 2023