

The Downtown Miami Charter School, Inc.

Basic Financial Statements
For the Year Ended June 30, 2026

The Downtown Miami Charter School, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Downtown Miami Charter School, Inc.
Miami, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of The Downtown Miami Charter School, Inc. (the "School"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 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 GAAS 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 GAAS 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.

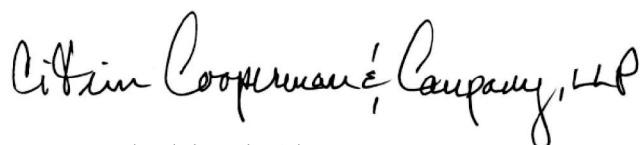
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the budgetary comparison information on pages 25 through 27 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 GAAS, 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, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 School'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 the School's internal control over financial reporting and compliance.



Fort Lauderdale, Florida
September 11, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of The Downtown Miami Charter School, Inc. (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the years ended June 30, 2026 and 2025.

Management's discussion and analysis is included at the beginning of the School's financial statements to provide, in layman's terms, the past and current position of the School's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements.

Financial Highlights

Our basic financial statements provide these insights into the results of this year's operations.

- As of June 30, 2026, the School's governmental fund balances were \$ 284,649, as compared to \$ 1,231,452 as of June 30, 2025.
- As of June 30, 2026, the School had a net position of \$ 187,620, as compared to a net position of \$ 1,214,131 as of June 30, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's financial statements. The School's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The statement of net position presents information on all of the School's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the components reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and services rendered but unpaid).

The government-wide financial statements include all governmental activities that are principally supported by grants and entitlements from the state for full-time equivalent funding. The School does not have any business-type activities. The governmental activities of the School primarily include instruction and instructional support services.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Overview of the Financial Statements (continued)

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains several individual governmental funds. Information is presented in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The General Fund, Grants Fund, Capital Projects Fund and Club and Activities Fund are considered to be the School's major funds.

The School adopts an annual budget for its governmental funds except for the Capital Projects Fund and the Club and Activities Fund. A budgetary comparison schedule has been provided for the General Fund and Grants Fund to demonstrate compliance with the budget.

The governmental funds financial statements can be found on pages 11 through 14 of this report.

Notes to Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 15 through 24 of this report.

Financial Summary and Detailed Analysis

Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of financial position. In the case of the School, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 187,620 at the close of the most recent fiscal year.

The Downtown Miami Charter School, Inc.
Management's Discussion and Analysis
June 30, 2026

Government-Wide Financial Analysis (continued)

Our analysis in the table below focuses on the net position of the School's governmental activities:

The Downtown Miami Charter School, Inc.			
Net Position			
	June 30, 2026	June 30, 2025	Variance
Assets:			
Current and other assets	\$ 524,501	\$ 2,098,402	\$ (1,573,901)
Capital assets, net	4,390,630	5,131,476	(740,846)
Total assets	4,915,131	7,229,878	(2,314,747)
Liabilities:			
Other liabilities	239,852	866,950	(627,098)
Long-term liabilities	4,487,659	5,148,797	(661,138)
Total liabilities	4,727,511	6,015,747	(1,288,236)
Net Position			
Net investment in capital assets	(68,397)	4,141	(72,538)
Restricted	15,696	7,811	7,885
Unrestricted	240,321	1,202,179	(961,858)
Total net position	\$ 187,620	\$ 1,214,131	\$ (1,026,511)

Current and other assets decreased primarily due to a reduction in the School's cash position resulting from lower FEFP funding attributable to decreased student enrollment, as well as the nonrecurrence of a settlement payment received in the prior year for referendum funding owed to the School from prior years. Capital assets, net of accumulated depreciation, decreased primarily due to current-year depreciation expense of \$ 776,361, partially offset by purchases of classroom furniture, computer equipment, and facility improvements during the current year. Other liabilities decreased primarily due to the timing of payments made to the management company for invoiced services. Long-term liabilities decreased as a result of principal payments made on the School's lease payable.

Governmental Activities: The School's overall net position decreased by \$ 1,026,511 from the prior fiscal year. The reasons for this overall decrease are discussed in the following section for governmental activities.

The Downtown Miami Charter School, Inc.			
Change in Net Position			
	June 30, 2026	June 30, 2025	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 131,677	\$ 108,097	\$ 23,580
Operating grants and contributions	605,334	924,960	(319,626)
Capital grants and contributions	561,751	491,064	70,687
General revenues:			
FEFP and other nonspecific revenues	3,815,085	6,105,319	(2,290,234)
Interest income	2,940	4,218	(1,278)
Miscellaneous income	5,907	13,158	(7,251)
Total revenues	5,122,694	7,646,816	(2,524,122)

The Downtown Miami Charter School, Inc.
Management's Discussion and Analysis
June 30, 2026

Governmental Activities (continued):

The Downtown Miami Charter School, Inc. Change in Net Position (continued)			
	June 30, 2026	June 30, 2025	Variance
Functions/Program Expenses:			
Instruction	\$ 2,343,895	\$ 2,609,241	\$ (265,346)
Student support services	56,793	219,702	(162,909)
Instruction and curriculum development services	-	169	(169)
Instructional staff training services	18,809	20,956	(2,147)
Instruction-related technology	100,053	131,872	(31,819)
Board services	30,372	41,378	(11,006)
General administration	2,713	-	2,713
School administration	871,571	694,779	176,792
Fiscal services	106,734	510,241	(403,507)
Food services	270,461	245,936	24,525
Central services	153,870	107,402	46,468
Operation of plant	1,474,442	1,482,192	(7,750)
Maintenance of plant	363,137	230,688	132,449
Administrative technology services	63,283	-	63,283
Community services	103,756	101,550	2,206
Extracurricular activities	44,635	39,869	4,766
Interest on long-term debt	144,681	164,408	(19,727)
Total expenses	6,149,205	6,600,383	(451,178)
Change in net position	(1,026,511)	1,046,433	(2,072,944)
Net position - beginning	1,214,131	167,698	1,046,433
Net position - ending	\$ 187,620	\$ 1,214,131	\$ (1,026,511)

Total revenues decreased primarily due to a decline in general revenues resulting from the nonrecurrence of a settlement received in the prior year for referendum funding owed to the School from previous years. Additionally, operating grants and contributions decreased due to the nonrecurrence of revenues associated with the now-lapsed ESSER grant program. Total expenses decreased primarily due to lower fiscal services expenses resulting from a reduced management fee during the current year, as well as lower instruction and student services costs attributable to decreased student enrollment.

Financial Analysis of Governmental Funds

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$ 211,473, while total fund balance was \$ 268,953. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 4.26% of total General Fund expenditures, while total fund balance represents 5.42% of that same amount.

Financial Analysis of Governmental Funds (continued):

The fund balance of the School's General Fund decreased by \$ 954,688 during the current fiscal year. The decrease was primarily attributable to a decline in student enrollment and the resulting student-based funding.

The Grants Fund does not have an increase or decrease in fund balance during the fiscal year as this fund reports federal and certain state expenditure reimbursement grants and food service operations and related revenues and expenditures.

The Capital Projects Fund does not have an increase or decrease in fund balance during the fiscal year since this fund reports state and local capital outlay funding that is used to cover a portion of principal and interest expenditures.

The Club and Activities Fund experienced an increase in fund balance during the current fiscal year as revenues increased as a result of additional school events and activities.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets: At June 30, 2026, the School had capital assets of \$ 4,390,630, net of accumulated depreciation and amortization, invested in lease assets, improvements other than building, furniture, fixtures and equipment and computer equipment as compared to \$ 5,131,476 as of June 30, 2025. Major capital asset additions for the year included \$ 35,515 for classroom furniture and building improvements. Additional information on the School's capital assets can be found in Note 5 of this report.

Debt: At June 30, 2026, the School had outstanding debt of \$ 4,459,027, as compared to \$ 5,127,335 at June 30, 2025. The decrease is a result of scheduled debt payments in accordance with the lease agreement. Additional information on the School's debt can be found in Notes 6 and 7 of this report.

Currently Known Facts, Decisions, or Conditions

In fiscal year 2026, the state of Florida continued to include a teacher salary increase allocation (TSIA) of \$ 1.36 billion. The capital outlay funding pool was \$ 231 million.

For fiscal year 2027, the funding for teacher salaries and other instructional personnel will be \$ 1.56 billion. Additionally, the state of Florida approved an increase to the base funding allocation and capital outlay. A 2% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with the enrollment changes and the School's strategic objectives.

Requests for Information

If you have questions about this report or need additional information, please contact Kera Robinson, Controller - School Accounting; Charter Schools USA, 800 Corporate Drive, Suite 700, Fort Lauderdale, Florida 33334.

BASIC FINANCIAL STATEMENTS

The Downtown Miami Charter School, Inc.
Statement of Net Position
June 30, 2026

	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 407,143
Due from other governments	17,375
Other receivables	42,503
Prepaid items	57,480
Total current assets	524,501
Noncurrent Assets:	
Capital assets (depreciable and amortizable), net of accumulated depreciation and amortization	4,390,630
Total assets	4,915,131
Current Liabilities:	
Accounts payable and accrued expenses	48,745
Salaries and wages payable	143,724
Due to management company	47,383
Compensated absences	21,474
Lease payable	688,635
Total current liabilities	949,961
Noncurrent Liabilities:	
Compensated absences	7,158
Lease payable	3,770,392
Total noncurrent liabilities	3,777,550
Total liabilities	4,727,511
Net Position:	
Net investment in capital assets	(68,397)
Restricted for extracurricular activities	15,696
Unrestricted	240,321
Total net position	\$ 187,620

The accompanying notes to the financial statements are an integral part of these statements.

The Downtown Miami Charter School, Inc.
Statement of Activities
For the Year Ended June 30, 2026

			Program Revenues			Governmental Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position
	Expenses					
Functions/Programs:						
Instruction	\$ 2,343,895	\$ -	\$ 180,117	\$ -	\$ (2,163,778)	
Student support services	56,793	-	-	-	(56,793)	
Instructional staff training						
services	18,809	-	-	-	(18,809)	
Instruction-related technology	100,053	-	-	-	(100,053)	
Board services	30,372	-	-	-	(30,372)	
General administration	2,713	-	-	-	(2,713)	
School administration	871,571	-	45,234	-	(826,337)	
Fiscal services	106,734	-	-	-	(106,734)	
Food services	270,461	-	270,461	-	-	
Central services	153,870	-	38,473	-	(115,397)	
Operation of plant	1,474,442	-	18,529	417,070	(1,038,843)	
Maintenance of plant	363,137	-	-	-	(363,137)	
Administrative technology						
services	63,283	-	-	-	(63,283)	
Community services	103,756	131,677	-	-	27,921	
Extracurricular activities	44,635	-	52,520	-	7,885	
Interest on long-term debt	144,681	-	-	144,681	-	
Total governmental activities	\$ 6,149,205	\$ 131,677	\$ 605,334	\$ 561,751	(4,850,443)	
General revenues:						
FEFP and other nonspecific revenues					3,815,085	
Interest income					2,940	
Miscellaneous income					5,907	
Total general revenues					3,823,932	
Change in net position					(1,026,511)	
Net position, July 1, 2025					1,214,131	
Net position, June 30, 2026					\$ 187,620	

The accompanying notes to the financial statements are an integral part of these statements.

The Downtown Miami Charter School, Inc.
Balance Sheet - Governmental Funds
June 30, 2026

	General Fund	Grants Fund	Capital Projects Fund	Club and Activities Fund	Total
Assets:					
Cash and cash equivalents	\$ 395,973	\$ -	\$ -	\$ 11,170	\$ 407,143
Other receivables	42,503	-	-	-	42,503
Due from other governments	-	-	17,375	-	17,375
Due from other funds	17,375	-	-	4,526	21,901
Prepaid items	57,480	-	-	-	57,480
Total assets	\$ 513,331	\$ -	\$ 17,375	\$ 15,696	\$ 546,402
Liabilities:					
Accounts payable and accrued expenses	\$ 48,745	\$ -	\$ -	\$ -	\$ 48,745
Salaries and wages payable	143,724	-	-	-	143,724
Due to management company	47,383	-	-	-	47,383
Due to other funds	4,526	-	17,375	-	21,901
Total liabilities	244,378	-	17,375	-	261,753
Fund Balances:					
Nonspendable:					
Prepaid items	57,480	-	-	-	57,480
Restricted for extracurricular activities	-	-	-	15,696	15,696
Unassigned	211,473	-	-	-	211,473
Total fund balances	268,953	-	-	15,696	284,649
Total liabilities and fund balances	\$ 513,331	\$ -	\$ 17,375	\$ 15,696	\$ 546,402

The accompanying notes to the financial statements are an integral part of these statements.

The Downtown Miami Charter School, Inc.
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2026

Total Fund Balances - Governmental Funds	\$ 284,649
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Amounts reported for governmental activities in the statement of net position are different because:

The cost of capital assets acquired is reported as an expenditure in the governmental fund statements. The statement of net position includes those capital assets, net of accumulated depreciation and amortization, among the assets of the School as a whole.

Cost of capital assets	\$ 11,016,749	
Accumulated depreciation and amortization	<u>(6,626,119)</u>	4,390,630

Liabilities not payable with current available resources are not reported as fund liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide statements.

Lease payable	\$ (4,459,027)	
Compensated absences	<u>(28,632)</u>	<u>(4,487,659)</u>

Net Position of Governmental Activities	\$ <u>187,620</u>
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The accompanying notes to the financial statements are an integral part of these statements.

The Downtown Miami Charter School, Inc.
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2026

	General Fund	Grants Fund	Capital Projects Fund	Club and Activities Fund	Total
Revenues:					
Federal sources	\$ -	\$ 497,498	\$ -	\$ -	\$ 497,498
State sources	3,232,846	2,728	250,709	-	3,486,283
Local sources	640,734	-	311,042	52,520	1,004,296
Aftercare	131,677	-	-	-	131,677
Interest income	2,940	-	-	-	2,940
Total revenues	4,008,197	500,226	561,751	52,520	5,122,694
Expenditures:					
Current:					
Instruction	2,186,904	127,529	-	-	2,314,433
Student support services	56,793	-	-	-	56,793
Instructional staff training services	18,809	-	-	-	18,809
Instruction-related technology	77,957	-	-	-	77,957
Board services	30,372	-	-	-	30,372
General administration	2,713	-	-	-	2,713
School administration	826,337	45,234	-	-	871,571
Fiscal services	106,734	-	-	-	106,734
Food services	-	270,461	-	-	270,461
Central services	115,397	38,473	-	-	153,870
Operation of plant	723,940	18,529	-	-	742,469
Maintenance of plant	363,137	-	-	-	363,137
Administrative technology services	63,283	-	-	-	63,283
Community services	103,756	-	-	-	103,756
Extracurricular activities	-	-	-	44,635	44,635
Capital outlay	35,515	-	-	-	35,515
Debt service:					
Principal	251,238	-	417,070	-	668,308
Interest	-	-	144,681	-	144,681
Total expenditures	4,962,885	500,226	561,751	44,635	6,069,497
Net change in fund balances	(954,688)	-	-	7,885	(946,803)
Fund Balances, July 1, 2025	1,223,641	-	-	7,811	1,231,452
Fund Balances, June 30, 2026	\$ 268,953	\$ -	\$ -	\$ 15,696	\$ 284,649

The accompanying notes to the financial statements are an integral part of these statements.

The Downtown Miami Charter School, Inc.
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2026

Net Change in Fund Balances - Governmental Funds	\$ (946,803)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the costs of those assets are depreciated and amortized over their estimated useful lives as depreciation and amortization.

Capital outlays	\$ 35,515	
Depreciation and amortization	<u>(776,361)</u>	(740,846)

Principal payments on long-term debt are reported as an expenditure in the governmental funds, but as a reduction of long-term liabilities in the statement of net position.	668,308
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Certain items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.

Change in compensated absences	<u>(7,170)</u>
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Change in Net Position of Governmental Activities	\$ <u>(1,026,511)</u>
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The accompanying notes to the financial statements are an integral part of these statements.

Note 1 - Organization and Operations

The Downtown Miami Charter School, Inc. (the "School") was established in February 2002 as a public charter school to serve students from kindergarten to fifth grade in Miami-Dade County. The School is a Florida nonprofit corporation and the governing body of the School is the School's Board of Directors. There were 364 students enrolled for the 2025/2026 school year.

Note 2 - Summary of Significant Accounting Policies

Reporting entity: The School operates under a charter granted by the sponsoring Miami-Dade County Public Schools District (the "District"). The current charter is effective until June 30, 2027. At the end of the term of the charter, the School shall complete a charter renewal application including documentation of the School's success and current academic program for the Sponsor. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is currently in the process of completing a charter renewal application and expects the charter to be renewed.

The School may also be financially accountable if an organization is fiscally dependent on the School regardless of whether the organization has a separately elected governing board, a governing board appointed by another government, or a jointly approved board. In addition, component units can be other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the financial statements to be misleading or incomplete.

As a result of evaluating the above criteria, management has determined that no component units exist for which the School is financially accountable, which would require inclusion in the School's financial statements.

Basis of presentation: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide financial statements: Government-wide financial statements, including the statement of net position and the statement of activities, present information about the School as a whole.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Note 2 - Summary of Significant Accounting Policies (continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented 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.

Fund financial statements: Fund financial statements report detailed information about the School in the governmental funds. The focus of governmental funds financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the focus of governmental funds financial statements differs from the focus of government-wide financial statements, a reconciliation is presented with each of the governmental funds financial statements.

The School's major governmental funds are as follows:

General Fund - This fund is used to account for all operating activities of the School except for those required to be accounted for in another fund.

Grants Fund - This special revenue fund is used to account for federal grants and certain state grants that are legally restricted for specific program purposes. The fund also accounts for food service operations and related revenues and expenditures that are restricted for food service activities.

Capital Projects Fund - This fund is used to account for state and local capital outlay funding that is legally restricted to expenditures for particular purposes.

Club and Activities Fund - This special revenue fund is used to administer funds raised and earned by the various clubs and activities that are part of the School but restricted for use in the extracurricular activities.

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in the governmental fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Basis of accounting: Basis of accounting refers to when revenues and expenditures, or expenses, 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 prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 120 days of the end of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source.

Note 2 - Summary of Significant Accounting Policies (continued)

All other revenue items are considered to be measurable and available only when cash is received by the School. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Student funding is provided by the State of Florida through the District. Such funding is recorded as FEFP revenue in the government-wide financial statements and state source revenue in the fund financial statements. This funding is received on a prorated basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Cash and cash equivalents: The School considers all demand accounts and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents. The School maintains its cash accounts with one financial institution. The School's accounts at this institution, at times, may exceed the federal insured limit, however, the School's deposits are collateralized in accordance with Chapter 280 of the Florida Statutes (Note 3).

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Income taxes: The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in these financial statements.

Capital assets: Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined by the School as assets with an initial cost equal to or greater than \$ 750 and useful life of over one year. Donated capital assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related capital assets. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all capital assets is provided on the straight-line basis over the estimated useful lives as follows:

Improvements other than building	10 years
Furniture, fixtures and equipment	5 years
Computer equipment	3-5 years

The School has recorded a right-to-use lease asset as required by U.S. GAAP. The right-to-use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use asset is amortized on a straight-line basis over the life of the related lease.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

Unearned revenue: Unearned revenue arises when the School receives resources before it has a legal claim to them.

Compensated absences: The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the General Fund.

Net position: Net position is classified in three categories. The general meaning of each is as follows:

- Net investment in capital assets - represents the difference between the cost of capital assets, less accumulated depreciation and amortization reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.
- Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - the residual portion of net position that does not meet the definition of the other two categories.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then, unrestricted resources as they are needed.

Fund balance: The governmental fund financial statements present fund balances based on the provisions of U.S. GAAP, which provides clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental funds financial statements:

- Nonspendable - this classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted - this classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

Note 2 - Summary of Significant Accounting Policies (continued)

- Committed - this classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision-making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.
- Assigned - this classification includes amounts that the Board of Directors intends to use for a specific purpose, but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.
- Unassigned - this classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the General Fund.

The details of the fund balances are included in the Governmental Funds Balance Sheet on page 11.

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of management review: The School has evaluated subsequent events through September 11, 2026, which is the date that the financial statements were available to be issued.

Adoption of new accounting standards: The School implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, during the year ended June 30, 2026. The Statement revised certain financial reporting requirements, including the content and presentation of management's discussion and analysis and other financial statement presentation and disclosure requirements. Implementation changed the presentation and related disclosures but did not affect the School's beginning net position or change in net position.

The School also implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which addresses obligations for governmental entities to separately disclose certain types of capital assets. Implementation did not change the presentation and related disclosures of the School.

The adoption of both standards did not affect any amounts previously reported in the School's financial statements.

Note 3 - Cash and Cash Equivalents

At June 30, 2026, the carrying amount of the deposits and cash on hand totaled \$ 407,143 with a bank balance of \$ 410,167.

State statutes require, and it is the School's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This Statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the Treasurer are defined by the Statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The School's deposits of \$ 160,167 in excess of the federal insured limit of \$ 250,000 are held in a qualified public depository and are covered by the collateral pool held in the name of the financial institution's trust department or agent, but not in the School's name.

Note 4 - Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2026, is as follows:

Due From/To Other Funds		Amount
Receivable Fund	Payable Fund	
General Fund	Capital Projects Fund	\$ 17,375
Club and Activities Fund	General Fund	<u>4,526</u>
		\$ <u>21,901</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The Downtown Miami Charter School, Inc.
Notes to Financial Statements
June 30, 2026

Note 5 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2026, are as follows:

	Balance at July 1, 2025	Additions	Deletions	Balance at June 30, 2026
Capital assets being depreciated/ amortized:				
Improvements other than building	\$ 822,822	\$ 13,900	\$ -	\$ 836,722
Furniture, fixtures and equipment	592,934	15,574	-	608,508
Computer equipment	1,360,662	6,041	-	1,366,703
Lease assets:				
Building	8,204,816	-	-	8,204,816
 Total capital assets being depreciated/amortized	 10,981,234	 35,515	 -	 11,016,749
Accumulated depreciation/ amortization:				
Improvements other than building	569,530	48,238	-	617,768
Furniture, fixtures and equipment	524,367	26,414	-	550,781
Computer equipment	1,337,186	17,974	-	1,355,160
Lease assets:				
Building	3,418,675	683,735	-	4,102,410
 Total accumulated depreciation/ amortization	 5,849,758	 776,361	 -	 6,626,119
 Net capital assets being depreciated/amortized	 \$ 5,131,476	 \$ (740,846)	 \$ -	 \$ 4,390,630

Depreciation and amortization was charged to governmental activities as follows:

Instruction	\$ 22,292
Instruction-related technology	22,096
Operation of plant	731,973
 Total	 \$ 776,361

Note 6 - Lease Payables

Lease agreement with the Downtown Development Authority of Miami: On April 22, 2002, the School entered into a lease agreement (the "Lease") with the Downtown Development Authority of Miami ("DDA") for property ("Leased Land") to be used for the sole purpose of the operation and construction of a charter school; subject to a Ground Lease Agreement with the Developer for the construction of the charter school. DDA had previously obtained the land from the City of Miami through an interlocal agreement (the "Interlocal Agreement") pursuant to Resolution No. 02-382 adopted on April 22, 2002. The Lease is subject to all provisions of the Interlocal Agreement and to the extent the Lease and the Interlocal Agreement conflict, the terms of the Interlocal Agreement will govern. The term of the Lease is for 30 years commencing on April 22, 2002, for \$ 1.00 per year as long as the land is used for charter school purposes. This is not a lease as defined by U.S. GAAP.

Ground lease agreement Downtown Miami Charter School: On April 22, 2002, the School entered into a lease agreement (the "Ground Lease") with DDA Charter School Developers, Inc. ("CSD") for the Leased Land mentioned in the Lease above. The Ground Lease was entered into with the understanding and agreement that CSD, at its sole cost and expense, would construct and equip the School on the Leased Land and rent the facilities back to the School. The term of the Lease is for 30 years commencing on April 22, 2002, for \$ 12 per year. This is not a lease as defined by U.S. GAAP. Pursuant to the terms of the Interlocal Agreement, the School and the City authorize CSD as lessee under this Lease to pledge, mortgage or encumber its leasehold interest to a leasehold mortgage in order to obtain financing for the construction of the charter school.

Premises lease: On April 22, 2002, the School entered into a lease agreement (the "Premises Lease") with CSD for the charter school premises. The term of the Premises Lease commences on July 1, 2002 and continues for thirty (30) years. The lease agreement qualifies as other than short-term leases under U.S. GAAP and, therefore, has been recorded at the present value of the future minimum lease payments as of the implementation date of July 1, 2020. The agreement specifies the lease payments for the first five years of the lease with an adjustment on the sixth year and every lease year thereafter during the term of the lease. The rental adjustment will be adjusted upwards or downwards in the sixth year, and every year thereafter based on the percentage increase or decrease of the per student FTE credit from the preceding year. For the year ended June 30, 2026, no additional rent was paid.

The following is a schedule of the School's future lease payments as of June 30, 2026:

Year Ending June 30,	Principal	Interest	Total
2027	\$ 688,635	\$ 124,353	\$ 812,988
2028	709,580	103,408	812,988
2029	731,163	81,825	812,988
2030	753,402	59,586	812,988
2031	776,318	36,670	812,988
2032	799,929	13,059	812,988
	<u>\$ 4,459,027</u>	<u>\$ 418,901</u>	<u>\$ 4,877,928</u>

The Downtown Miami Charter School, Inc.
Notes to Financial Statements
June 30, 2026

Note 7 - Long-Term Liabilities

Changes in the School's long-term liabilities for the fiscal year ended June 30, 2026, are as follows:

	Balance at July 1, 2025	Additions	Deletions	Balance at June 30, 2026	Amount Due Within One Year
Lease - building	\$ 5,127,335	\$ -	\$ 668,308	\$ 4,459,027	\$ 688,635
Compensated absences	21,462	7,170 *	-	28,632	21,474
	<u>\$ 5,148,797</u>	<u>\$ 7,170</u>	<u>\$ 668,308</u>	<u>\$ 4,487,659</u>	<u>\$ 710,109</u>

* The change in compensated absences above is a net change for the year.

Note 8 - Commitments

Management agreement: The School has a formal agreement with Charter Schools USA at Downtown Miami, LLC., wholly owned subsidiary of Charter Schools USA, Inc. (CSUSA) to manage, staff, and operate the School. The agreement automatically renews unless either party delivers a written notice of termination to the other at least twelve months prior to the expiration of the current term. CSUSA shall be entitled to retain as compensation for its services rendered pursuant to this agreement the difference, if any, between the amount of the School's revenues and the amount of revenues actually expended by CSUSA in operation and/or management of the School during its fiscal year (the "Fee"). The amount of the Fee shall be determined by the following: if the School's reserve is less than \$ 750,000 then the fee shall not exceed 11%, however the fee shall not be less than 8%. If the School's reserve is more than \$ 750,000 the Fee shall be 11% of certain revenues with any additional funds split equally between the School and CSUSA; provided, however, the Fee does not exceed 15% of certain revenues for any school year. Total management fees amounted to \$ 101,220 for the year ended June 30, 2026.

The School has an amount due to CSUSA of \$ 47,383 at June 30, 2026 for expenses paid on behalf of the School.

Post-employment benefits: The School does not provide post-employment benefits to retired employees.

Note 9 - Employee Benefit Plan

During the year ended June 30, 2026, the School offered all of its full-time employees who had attained 21 years of age, a retirement plan (the "Plan") under Internal Revenue Code Section 401(k). The employee is allowed to contribute up to a maximum of 100% of his/her annual gross compensation, subject to certain limitations. The Plan provides for a discretionary employer matching contribution of the participant's annual elective deferral to the Plan. As determined annually by the School's management, the School may also make a discretionary profit-sharing contribution, which is allocated among the participants based on a pro rata formula.

Note 9 - Employee Benefit Plan (continued)

Participants are immediately vested in their own contributions and earnings on those contributions. Participants become vested in School contributions and earnings on School contributions according to the following schedule:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1	25%
2	50%
3	75%
4	100%

Nonvested contributions are forfeited upon termination of employment, and such forfeitures are used to reduce any employer contribution. For the Plan year ending December 31, 2025, the School had forfeitures of \$ 2,557. For the year ended June 30, 2026, the School contributed a matching amount of \$ 16,624.

Note 10 - Capital Appropriations Funding

The Florida Department of Education has approved a Charter School Capital Outlay ("CSCO") award for the School. In each year that funds are appropriated by the state for charter school capital outlay purposes those funds are allocated among eligible charter schools. The funds for the School's allocation are transferred to the School once a CSCO plan has been provided to and approved by the sponsoring district. The School's CSCO award totaled \$ 250,709 for the 2025/2026 school year which has been recognized as revenue in the accompanying financial statements. If the CSCO funds are used to acquire tangible property assets, the District has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the District. The School has elected to use these funds to pay a portion of the principal and interest expenditure on the lease payable.

Local Capital Improvement Revenue ("LCIR") funds are also appropriated by the District for charter school capital outlay purposes, with funds being allocated among eligible charter schools in a similar manner to the CSCO award. The School's LCIR award totaled \$ 311,042 for the 2025/2026 school year which has been recognized as revenue in the accompanying financial statements.

Note 11 - Risk Management

The School is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets and natural disasters. The School has obtained property insurance from commercial companies including, but not limited to, general liability and errors and omissions insurance. There were no claims in excess of insurance coverage limits during the past three years.

As disclosed in Note 8, CSUSA employs all of the employees of the School. As a result, the School is not exposed to medical or workers' compensation claims for these individuals. In addition, CSUSA carries all required insurance including, but not limited to, general liability and errors and omissions insurance.

REQUIRED SUPPLEMENTARY INFORMATION

The Downtown Miami Charter School, Inc.
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2026

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Original vs. Final Budget Variance</u>	<u>Actual</u>	<u>Actual vs. Final Budget Variance</u>
Revenues:					
State sources	\$ 4,641,969	\$ 4,641,969	\$ -	\$ 3,232,846	\$ (1,409,123)
Local sources	1,575,255	1,575,255	-	640,734	(934,521)
Aftercare	-	-	-	131,677	131,677
Interest income	<u>3,851</u>	<u>3,851</u>	<u>-</u>	<u>2,940</u>	<u>(911)</u>
Total revenues	<u>6,221,075</u>	<u>6,221,075</u>	<u>-</u>	<u>4,008,197</u>	<u>(2,212,878)</u>
Expenditures:					
Current:					
Instruction	2,877,417	2,877,417	-	2,186,904	690,513
Student support services	64,360	64,360	-	56,793	7,567
Instructional staff training services	47,995	47,995	-	18,809	29,186
Instruction-related technology	149,504	149,504	-	77,957	71,547
Board services	32,799	32,799	-	30,372	2,427
General administration	-	-	-	2,713	(2,713)
School administration	693,640	693,640	-	826,337	(132,697)
Fiscal services	571,015	571,015	-	106,734	464,281
Central services	227,107	227,107	-	115,397	111,710
Operation of plant	746,977	746,977	-	723,940	23,037
Maintenance of plant	249,403	249,403	-	363,137	(113,734)
Administrative technology services	-	-	-	63,283	(63,283)
Community services	102,911	102,911	-	103,756	(845)
Capital outlay	99,581	99,581	-	35,515	64,066
Debt service:					
Principal	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,238</u>	<u>(251,238)</u>
Total expenditures	<u>5,862,709</u>	<u>5,862,709</u>	<u>-</u>	<u>4,962,885</u>	<u>899,824</u>
Net change in fund balance	\$ <u>358,366</u>	\$ <u>358,366</u>	\$ <u>-</u>	(954,688)	\$ <u>(1,313,054)</u>
Fund Balance, July 1, 2025				<u>1,223,641</u>	
Fund Balance, June 30, 2026				\$ <u>268,953</u>	

See the accompanying notes to the budgetary comparison schedules.

The Downtown Miami Charter School, Inc.
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Grants Fund
For the Year Ended June 30, 2026

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Original vs. Final Budget Budget</u>	<u>Actual</u>	<u>Actual vs. Final Budget Variance</u>
Revenues:					
Federal sources:					
National School Lunch Program	\$ 352,504	\$ 352,504	\$ -	\$ 286,262	\$ (66,242)
Title I	167,250	167,250	-	201,302	34,052
Title IV	-	-	-	9,934	9,934
State sources:					
National School Lunch Program	-	-	-	2,728	2,728
Total revenues	<u>519,754</u>	<u>519,754</u>	<u>-</u>	<u>500,226</u>	<u>(19,528)</u>
Expenditures:					
Current:					
Instruction	82,584	82,584	-	127,529	(44,945)
Student support services	38,451	38,451	-	-	38,451
School administration	46,215	46,215	-	45,234	981
Food services	303,823	303,823	-	270,461	33,362
Central services	-	-	-	38,473	(38,473)
Operation of plant	<u>48,681</u>	<u>48,681</u>	<u>-</u>	<u>18,529</u>	<u>30,152</u>
Total expenditures	<u>519,754</u>	<u>519,754</u>	<u>-</u>	<u>500,226</u>	<u>19,528</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>
Fund Balance, July 1, 2025				<u>-</u>	
Fund Balance, June 30, 2026				<u>\$ -</u>	

See the accompanying notes to the budgetary comparison schedules.

Note 1 - Budgetary Policy and Basis of Accounting

An operating budget is adopted and maintained by the Governing Board for all governmental funds except the Capital Projects Fund and the Club and Activities Fund, pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting used in the preparation of the financial statements. All appropriations lapse at the end of the fiscal year.

The level of budgetary control is at the fund level. The School Principal may make unlimited transfers between functional categories throughout the year. Any budget transfers made must be discussed with management and presented to the Governing Board. A potential increase in expenditures over approved budget should be approved by the Governing Board.

Note 2 - Budgetary Highlights between Original Budget and Final Budget

There were no variances between original budget and final budget for the General Fund or the Grants Fund.

Note 3 - Budgetary Highlights between Actual Results and Final Budget

In the General Fund, actual revenues were unfavorable to the final budget for the year ended June 30, 2026, primarily due to enrollment being lower than projected, resulting in state source revenues falling below budget by \$ 1,409,123. This unfavorable variance was partially offset by aftercare revenues exceeding budget by \$ 131,677 due to higher-than-anticipated student participation in the program. Total expenditures were favorable compared to the final budget, primarily due to lower-than-budgeted instructional costs resulting from fewer instructional personnel being required, as well as lower fiscal services expenditures due to sponsorship support provided by the management company. These favorable variances were partially offset by unfavorable variances in school administration and debt service, which resulted from the need for additional support staff, increased marketing expenditures and principal payments for debt.

In the Grants Fund, actual revenues were unfavorable compared to the final budget for the year ended June 30, 2026, primarily due to enrollment being lower than projected, resulting in falling National School Lunch Program revenues received during the year. Expenditures were favorable to the final budget primarily due to lower-than-budgeted costs related to food services and operation of plant associated with the food service program.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

To the Board of Directors
The Downtown Miami Charter School, Inc.
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of The Downtown Miami Charter School, Inc. (the "School"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 11, 2026.

Report on Internal Control over Financial Reporting

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

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

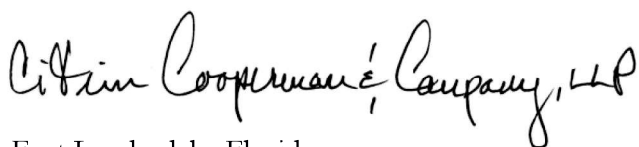
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fort Lauderdale, Florida
September 11, 2026

MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850 OF THE *RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA*

To the Board of Directors
The Downtown Miami Charter School, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of The Downtown Miami Charter School, Inc. (the "School"), as of and for the fiscal year ended June 30, 2026, and have issued our report thereon dated September 11, 2026.

Auditor's Responsibility

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

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, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are The Downtown Miami Charter School, Inc. and 133600.

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

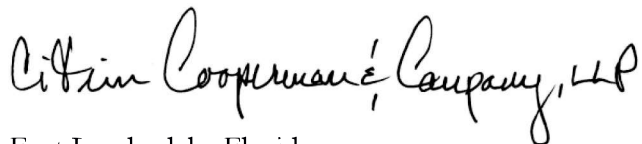
Section 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with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

Additional Matters

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

Purpose of this Letter

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



Fort Lauderdale, Florida
September 11, 2026