

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

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS

JUNE 30, 2024

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

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downtown Doral Charter Upper 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, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Upper School, Inc. as of June 30, 2024, 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* ("GAS"), 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 GAAS and GAS 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 GAS, 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 4-11 and 32-33 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 20, 2024, on our consideration of Downtown Doral Charter Upper 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 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 Upper School, Inc.’s internal control over financial reporting and compliance.

García Santa María De Armas Trujillo, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, FL
September 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Downtown Doral Charter Upper 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, 2024.

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 school which served approximately 1,465 students during the 2023-2024 school year. The School is located on the northwest corner of 79th 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 four tracks as follows: an English/Spanish dual language curriculum program for fully bilingual students, an English/Portuguese dual language curriculum program for fully bilingual students, an English/Spanish dual language curriculum program, and an English Portuguese dual language curriculum program.

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

Charter Agreement

In December 2017, 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 through June 30, 2038, and may be renewed provided the School has met certain criteria.

Series 2017 Bonds

In December 2017, the Florida Development Finance Corporation Educational Facilities Revenue Bonds, Series 2017C, were issued in the aggregate principal amount of \$38,990,000 (the "Series 2017C Bonds"), and the Florida Development Finance Corporation Taxable Educational Facilities Revenue Bonds, Series 2017D, in the aggregate principal amount of \$255,000 were issued. The Series 2017C Bonds together with the Series 2017D Bonds are referred to from hereon as the "Series 2017 Bonds".

The proceeds of the Series 2017 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"), (ii) to fund a Debt Service Reserve Fund for the Series 2017 Bonds, (iii) to fund capitalized interest with respect to the Series 2017 Bonds, 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 December 1, 2017, by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the

"Trustee"). See additional information regarding the Series 2017 Bonds in Note 5 to the Financial statements.

In connection with the Series 2017 Bonds, the School entered into a Loan Agreement (the "Series 2017 Loan Agreement"), dated as of December 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 is being used to pay principal of and interest on the Series 2017 Bonds. The obligations of the School under the Loan Agreement are secured by (i) a mortgage interest in the Facilities, (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.

Management Agreement

In December 2017, the School entered into a Management Agreement with the School Board that will provide operational, management and administrative services to the School. See additional information in Note 4 to the financial statements.

FINANCIAL HIGHLIGHTS

- At June 30, 2024, the School had total assets of \$38,464,942.
- At June 30, 2024, the School had total liabilities of \$40,038,488, of which \$38,230,000 is for long-term debt.
- For the year ended June 30, 2024, the School had an increase in its net position of \$1,246,967.
- At June 30, 2024, total net position was a deficit of \$1,573,546.
- At June 30, 2024, the total combined governmental funds balance was \$10,083,167.

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. Also included in this fund are amounts raised by various clubs and activities that are part of the School.
- *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, 2024 and 2023:

| | 2024 | 2023 | Increase (Decrease) |
|---|-----------------------|-----------------------|------------------------|
| Cash and cash equivalents | \$ 5,568,739 | \$ 3,939,092 | \$ 1,629,647 |
| Investments - U.S. Treasury Securities | 2,213,379 | 1,124,067 | 1,089,312 |
| Receivable - capital outlay and grants | 147,191 | 172,820 | (25,629) |
| Prepaid expenses and other assets | 438,795 | 126,579 | 312,216 |
| Restricted investments - Trustee | 4,323,551 | 6,982,179 | (2,658,628) |
| Capital Assets | <u>25,773,287</u> | <u>26,272,696</u> | <u>(499,409)</u> |
| Total assets | <u>38,464,942</u> | <u>38,617,433</u> | <u>(152,491)</u> |
| Salaries payable and other accrued liabilities | 676,968 | 619,195 | 57,773 |
| Interest payable | 1,082,400 | 1,101,970 | (19,570) |
| Unearned revenues | 43,450 | 30,247 | 13,203 |
| Due to Downtown Doral Charter Elementary School | 5,670 | 696,534 | (690,864) |
| Long-term liabilities | <u>38,230,000</u> | <u>38,990,000</u> | <u>(760,000)</u> |
| Total liabilities | <u>40,038,488</u> | <u>41,437,946</u> | <u>(1,399,458)</u> |
| Net position (deficit): | | | |
| Net investment in capital assets | (11,656,713) | (8,467,018) | (3,189,695) |
| Restricted | 3,821,439 | 1,843,891 | 1,977,548 |
| Unrestricted | <u>6,261,728</u> | <u>3,802,614</u> | <u>2,459,114</u> |
| Total net position (deficit) | <u>\$ (1,573,546)</u> | <u>\$ (2,820,513)</u> | <u>\$ 1,246,967</u> |

For the fiscal year ended June 30, 2024, the increase in cash and cash equivalents and unrestricted investments was due to general fund activities providing cash flows. The School's restricted investments decreased due to debt service repayments. Increase in prepaid expenses is due to the School prepaying their 2024-2025 insurance policy prior to year-end. Capital assets decreased as depreciation expense exceeded capital outlays. The decrease in amounts due to Downtown Doral Charter Elementary School were due to payments made during the year. 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, 2024 and 2023:

| Governmental Activities | 2024 | 2023 | Amount Increase (Decrease) |
|--|---------------------|-------------------|----------------------------------|
| Revenues: | | | |
| State sources | \$ 11,660,992 | \$ 11,185,242 | \$ 475,750 |
| Federal sources | 1,811,173 | 1,811,003 | 170 |
| Capital outlay | 1,163,620 | 796,717 | 366,903 |
| Charges for services, aftercare and other fees | 398,696 | 285,910 | 112,786 |
| Investment income | 328,617 | 212,013 | 116,604 |
| Local sources and revenue | 2,808,135 | 1,583,662 | 1,224,473 |
| Total revenues | 18,171,233 | 15,874,547 | 2,296,686 |
| Expenses: | | | |
| Instruction | 9,081,568 | 7,707,135 | 1,374,433 |
| Instructional support | 1,150,802 | 1,001,934 | 148,868 |
| Professional development | 44,026 | 25,605 | 18,421 |
| Instruction related technology | 434,727 | 267,725 | 167,002 |
| Board | 94,050 | 78,422 | 15,628 |
| General administration | 291,605 | 297,272 | (5,667) |
| School administration | 1,590,058 | 1,408,134 | 181,924 |
| Facilities acquisition and construction | 298 | 80,441 | (80,143) |
| Fiscal services | 114,134 | 114,990 | (856) |
| Central services | 7,561 | 58,431 | (50,870) |
| Student transportation services | 154,670 | 111,701 | 42,969 |
| Operation and maintenance of plant | 1,727,332 | 1,482,623 | 244,709 |
| Community services | 61,635 | 100,322 | (38,687) |
| Debt issuance costs and trustee fees | 7,000 | 6,650 | 350 |
| Interest on long-term debt | 2,164,800 | 2,203,940 | (39,140) |
| Total expenses | 16,924,266 | 14,945,325 | 1,978,941 |
| Change in net position | \$ 1,246,967 | \$ 929,222 | \$ 317,745 |

Although number of students slightly decreased compared to prior year, revenues from state sources increased as a result of a larger Educational Enrichment (formerly Teacher Salary Increase) and ESE Guaranteed Allocations. Capital outlay increased due to the School receiving Local Capital Improvement Tax funds from the Florida Department of Education during the year in addition to Public Education Capital Outlay funds. Local sources and revenues increase was mainly due to Referendum funds received from Miami-Dade County increasing by approximately \$790,000 compared to prior year. These revenue increases resulted in increased expenses related to instruction and operation and maintenance of plant. However, there remains approximately \$1,300,000 of referendum funds unspent at year end that are restricted in use for certain instructional and other security and safety costs.

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, 2024, the School had a combined fund balance of \$10,083,167. The total combined fund balance was greater than the government wide net position, primarily because the total of the debt proceeds from the Series 2017 Bonds described in Note 5 to the financial statements have exceeded the total expenditures from inception to June 30, 2024, pertaining to the capital outlay, interest, principal retirement, debt issuance costs and other general and administrative expenses. For the year ended June 30, 2024, combined net changes in fund balances was an increase of \$946,376, which was primarily the result of governmental fund revenues exceeding expenditures for current activities, debt service, and capital outlay. The General Fund had a fund balance of \$7,629,361, which increased during the year by \$3,593,701, primarily because general fund revenue exceeded current general fund expenditures. The Capital Projects Fund had a fund balance of \$6,136, which was equal to their current year increase in fund balance. The Special Revenue Funds had a fund balance of \$77,784 for the use of various student classes and activities maintained in the School's internal account. The Debt Service Fund had a fund balance of \$2,369,886, which decreased by \$2,731,245 due to repayment of debt and interest exceeding investment income. At June 30, 2024, the fund balance of the Debt Service Fund is restricted in use pursuant to requirements of the Series 2017 Bonds. The general fund revenue and expenditures 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, 2024, the School's actual general fund revenues were below the final budget by approximately \$2,600,000, primarily because the general fund budget included revenues for special revenue and capital outlay funds, which are accounted for in the combined nonmajor capital projects and special revenue funds for financial reporting purposes. General fund expenditures were below the final budget by approximately \$6,000,000, primarily because debt service expenditures are included in the general fund budget, but are included in the debt service fund for financial reporting purposes. General fund instruction expenditures were lower than the budget because actual instructional expenditures related to special revenues are included in the special revenue funds for financial reporting purposes. In addition, a portion of the referendum funding received, which is to be used for payroll and other specific expenses over several years, remains restricted and unspent in the general fund and totaled \$1,302,504 at year end. The notes to the accompanying budgetary comparison schedule – general fund also include a budgetary comparison schedule for all of the governmental funds combined, which showed an overall budgeted change in fund balance of \$182,824 compared to the actual overall change in fund balance of \$946,376. 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, 2024, the School had capital assets, net of accumulated depreciation and amortization, with a balance of \$25,773,287. Additions to capital assets during the year were \$458,679. More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

Long-term Liabilities

At June 30, 2024, the School had \$38,230,000 in long-term liabilities, which consist of the Series 2017 Bonds. More detailed information about the School's long-term liabilities is presented in Note 5 to the financial statements.

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 7905 NW 53rd Street, Doral, Florida 33166.

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE
COUNTY, FLORIDA
STATEMENT OF NET POSITION
JUNE 30, 2024

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 5,568,739 |
| Investments - U.S. Treasury Securities | 2,213,379 |
| Receivable - capital outlay and grants | 147,191 |
| Prepaid expenses and other assets | 438,795 |
| Restricted investments - Trustee | 4,323,551 |
| Capital Assets, net | 25,773,287 |
| Total assets | <u>\$ 38,464,942</u> |
| LIABILITIES | |
| Salaries payable and other accrued liabilities | \$ 676,968 |
| Interest payable | 1,082,400 |
| Unearned revenues | 43,450 |
| Due to Downtown Doral Charter Elementary School | 5,670 |
| Long-term debt: | |
| Due within one year: | |
| Bonds payable | 800,000 |
| Due in more than one year: | |
| Bonds payable | <u>37,430,000</u> |
| Total long-term debt | <u>38,230,000</u> |
| Total liabilities | <u>40,038,488</u> |
| NET POSITION (DEFICIT) | |
| Net investment in capital assets | (11,656,713) |
| Restricted | 3,821,439 |
| Unrestricted | <u>6,261,728</u> |
| Total net position (deficit) | <u>(1,573,546)</u> |
| Total liabilities and net position | <u>\$ 38,464,942</u> |

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

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2024

| | General Fund | Debt Service Fund Major | Capital Projects and Special Revenue Funds Nonmajor | Total Governmental Fund |
|---|---------------------|-------------------------------|---|-------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 5,490,955 | \$ - | \$ 77,784 | \$ 5,568,739 |
| Investments - U.S. Treasury Securities | 2,213,379 | - | - | 2,213,379 |
| Receivable - capital outlay and grants | 4,658 | - | 142,533 | 147,191 |
| Prepaid expenses and other assets | 438,795 | - | - | 438,795 |
| Restricted investments - Trustee | 65,129 | 4,252,286 | 6,136 | 4,323,551 |
| Due from Funds | 142,533 | - | - | 142,533 |
| Total assets | \$ 8,355,449 | \$ 4,252,286 | \$ 226,453 | \$ 12,834,188 |
| LIABILITIES AND FUND BALANCE | | | | |
| Salaries payable and other accrued liabilities | \$ 676,968 | \$ - | \$ - | \$ 676,968 |
| Bond payable | - | 800,000 | - | 800,000 |
| Interest payable | - | 1,082,400 | - | 1,082,400 |
| Due to General Fund | - | - | 142,533 | 142,533 |
| Unearned revenues | 43,450 | - | - | 43,450 |
| Due to Downtown Doral Charter Elementary School | 5,670 | - | - | 5,670 |
| Total liabilities | 726,088 | 1,882,400 | 142,533 | 2,751,021 |
| Fund balance: | | | | |
| Nonspendable | 438,795 | - | - | 438,795 |
| Restricted | 1,367,633 | 2,369,886 | 83,920 | 3,821,439 |
| Committed | 2,213,379 | - | - | 2,213,379 |
| Unassigned | 3,609,554 | - | - | 3,609,554 |
| Total fund balance | 7,629,361 | 2,369,886 | 83,920 | 10,083,167 |
| Total liabilities and fund balance | \$ 8,355,449 | \$ 4,252,286 | \$ 226,453 | \$ 12,834,188 |

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

**DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE
COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2024**

Total fund balance – governmental funds \$ 10,083,167

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:

Total capital assets, net 25,773,287

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:

| | | |
|---------------|---------------------|---------------------|
| Bonds payable | <u>(37,430,000)</u> | <u>(37,430,000)</u> |
|---------------|---------------------|---------------------|

Total net position (deficit) – governmental activities \$ (1,573,546)

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

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE
COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

| | General Fund Major | Special Revenue Fund - Major | Debt Service Fund Major | Capital Projects and Special Revenue Funds Nonmajor | Total Governmental Funds |
|---|-----------------------|------------------------------------|-------------------------------|--|--------------------------------|
| REVENUES | | | | | |
| State sources | \$ 11,651,913 | \$ - | \$ - | \$ 9,079 | \$ 11,660,992 |
| Federal sources | - | 1,741,392 | - | 69,781 | 1,811,173 |
| Capital outlay | - | - | - | 1,163,620 | 1,163,620 |
| Charges for services, aftercare and other fees | 398,696 | - | - | - | 398,696 |
| Investment income | 88,926 | - | 233,555 | 6,136 | 328,617 |
| Local sources and revenue | 2,438,852 | - | - | 369,283 | 2,808,135 |
| Total revenues | 14,578,387 | 1,741,392 | 233,555 | 1,617,899 | 18,171,233 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | 6,226,355 | 1,741,392 | - | 347,351 | 8,315,098 |
| Instructional support | 1,150,802 | - | - | - | 1,150,802 |
| Professional development | 44,026 | - | - | - | 44,026 |
| Instruction related technology | 434,727 | - | - | - | 434,727 |
| Board | 80,121 | - | - | 13,929 | 94,050 |
| General administration | 291,605 | - | - | - | 291,605 |
| School administration | 1,398,441 | - | - | - | 1,398,441 |
| Facilities acquisition and construction | 298 | - | - | - | 298 |
| Fiscal services | 114,134 | - | - | - | 114,134 |
| Central services | 7,561 | - | - | - | 7,561 |
| Student transportation services | 154,670 | - | - | - | 154,670 |
| Operation and maintenance of plant | 1,013,311 | - | - | 714,021 | 1,727,332 |
| Community services | 61,635 | - | - | - | 61,635 |
| Debt service | | | | | |
| Debt issuance costs and trustee fees | 7,000 | - | - | - | 7,000 |
| Repayment of long-term debt | - | - | 800,000 | - | 800,000 |
| Interest on long-term debt | - | - | 2,164,800 | - | 2,164,800 |
| Capital outlay | | | | | |
| Facilities, construction, technology, furniture and equipment | - | - | - | 458,678 | 458,678 |
| Total expenditures | 10,984,686 | 1,741,392 | 2,964,800 | 1,533,979 | 17,224,857 |
| Net changes in fund balances | 3,593,701 | - | (2,731,245) | 83,920 | 946,376 |
| Fund balance at beginning of year | 4,035,660 | - | 5,101,131 | - | 9,136,791 |
| Fund balance at end of year | \$ 7,629,361 | \$ - | \$ 2,369,886 | \$ 83,920 | \$ 10,083,167 |

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

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE
COUNTY, FLORIDA
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, 2024

Net changes in fund balances – total governmental funds **\$ 946,376**

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 outlay is calculated as follows:

| | | | |
|-------------------------------|----|------------------|-----------|
| Capital outlays | \$ | 458,678 | |
| Depreciation and amortization | | <u>(958,087)</u> | (499,409) |

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

For the year ended June 30, 2024, these consist of :

| | | | |
|---------------------------------------|--|----------------|----------------|
| Expenditures for principal reductions | | <u>800,000</u> | <u>800,000</u> |
|---------------------------------------|--|----------------|----------------|

Change in net position of governmental activities **\$ 1,246,967**

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

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Downtown Doral Charter Upper 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 June 2016, 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 school which served approximately 1,465 students during the 2023-2024 school year in grades six through twelve. The School is located on the northwest corner of 79th Avenue and 53rd Street, Doral, Florida.

In December 2017, 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, 2038. During the term of the Charter, the School Board may also terminate the Charter for certain reasons described in the Charter. 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.

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.

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Basis of presentation *(Continued)*

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 restricted by law or administrative action to expenditure for specific purposes. The accompanying statement of revenues, expenditures and changes in fund balances presents two columns for special revenue funds, one for the major special revenue fund and the other for the remaining nonmajor special revenue funds. The major special revenue fund is the American Rescue Plan – Elementary and Secondary Relief (ESSER III) Fund. The ESSER III program provides aid to schools to safely open and address the impact of COVID-19. In addition, the program contains additional provisions related to loss of learning in students. The nonmajor special revenue funds also accounts for funds raised and earned for various school clubs and activities.
- **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.

For purposes of these statements, the general fund, special revenue fund for the ESSER III funds and the debt service fund are considered major funds, and the capital projects fund and other special revenue funds are considered nonmajor.

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (

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.

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.

Restricted Investments – Trustee

At June 30, 2024, 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, 2024, 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.”

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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 is 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 |
| Building and building improvements | 20 – 50 |
| Technology equipment | 5 |

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 20, 2024, which is the date the financial statements were available to be issued.

Income Taxes

Downtown Doral Charter Upper 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.

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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 a 5% 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 and was approximately \$37,200 during the year ended June 30, 2024. 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.

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 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, 2024, the School had restricted net position pertaining to 1) bond covenants of \$2,441,151 2) improvement of high-quality instructional personnel, and to increase safety and security personnel (charter school referendum) of \$1,302,504 and 3) school internal funds related to various class and student activities of \$77,784.
3. **Unrestricted net position** – all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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 prepaid 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, 2024, the School had restricted fund balances related to the same restrictions mentioned above for restricted net position.
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, 2024, 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.

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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.

Adopted Accounting pronouncements

In fiscal year 2024, the School adopted a new statement of financial accounting standard issued by Governmental Accounting Standards Board: GASB Statement No. 100, Accounting Changes and Error Corrections. The adoption had no material effect on the School's 2024 financial statements.

Pronouncements Issued But Not Yet Effective

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

Compensated Absences

The School grants a specific number of sick days/personal days for exempt employees. Four days are earned over the summer and one day is earned per month of employment up to six months for a grand total of 10 days per academic year. Teachers who are hired after the first day in which they are required to report for the academic year shall earn one sick/personal day per month of employment, up to a maximum of 10 days. Teachers who do not use all of their ten days will receive a bonus based on unused days in the month following the end of the fiscal year. The bonuses start at \$50 for one unused day to \$500 for 10 unused days. In no event will an individual receive a bonus of more than \$500. These bonus payments are accrued at year-end based on actual unused days in the given year and are not material to the School's financial statements. Employees are not be able to "rollover" unused days for use in future years.

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

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

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, unrestricted cash balance exceeded FDIC insurance coverage by \$5,318,739. 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. 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 5, 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, 2024. 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 33 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 are inputs –other than quoted prices included in Level 1– that are observable for an asset or liability, either directly or indirectly. Level 3 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.

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – CAPITAL ASSETS

The following table reflects the activity for the year ended June 30, 2024, related to the School’s capital assets:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| Governmental activities: | | | | |
| Building and building improvements | \$ 22,613,525 | \$ 275,490 | \$ - | \$ 22,889,015 |
| Furniture, equipment and vehicles | 3,129,062 | 183,188 | - | 3,312,250 |
| Land | 3,800,000 | - | - | 3,800,000 |
| Total capital assets | <u>29,542,587</u> | <u>458,678</u> | <u>-</u> | <u>30,001,265</u> |
| Less accumulated depreciation | | | | |
| Building and building improvements | \$ (1,774,416) | \$ (464,531) | \$ - | \$ (2,238,947) |
| Furniture, equipment and vehicles | <u>(1,495,475)</u> | <u>(493,556)</u> | <u>-</u> | <u>(1,989,031)</u> |
| Total accumulated depreciation | <u>(3,269,891)</u> | <u>(958,087)</u> | <u>-</u> | <u>(4,227,978)</u> |
| Governmental activities capital assets, net | <u>\$ 26,272,696</u> | <u>\$ (499,409)</u> | <u>\$ -</u> | <u>\$ 25,773,287</u> |

For the year ended June 30, 2024, depreciation and amortization expense for capital assets was charged to functional categories as follows:

| | |
|-----------------------|-------------------|
| Instruction | \$ 766,470 |
| School administration | 191,617 |
| | <u>\$ 958,087</u> |

NOTE 4 – 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, 2024, totaled approximately \$254,000.

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 – AGREEMENTS AND TRANSACTIONS WITH THE SCHOOL BOARD AND OTHER RELATED ENTITIES (Continued)

School Board

During the year ended June 30, 2024, 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 Elementary School, Inc.

At June 30, 2024, the School owed \$5,670 to Downtown Doral Charter Elementary School, Inc. (“DDCES”), for certain expenditures the School paid on DDCES’s behalf. The School and DDCES 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.

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 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, 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 per the lease agreement. The term of the lease is through Jun 30, 2035, and the School along with the DDCES may renew the lease for two additional 15-year terms. During the year, the School incurred approximately \$4,500 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 5 – LONG-TERM DEBT

Series 2017 Bonds

In December 2017, the Florida Development Finance Corporation Educational Facilities Revenue Bonds, Series 2017C, in the aggregate principal amount of \$38,990,000 (the "Series 2017C Bonds"), and the Florida Development Finance Corporation Taxable Educational Facilities Revenue Bonds, Series 2017D, in the aggregate principal amount of \$255,000 (the "Series 2017D Bonds" and together with the Series 2017C 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 were used by the School (i) to acquire, construct, and equip certain charter school facility (the "Facility") (ii) to fund a Debt Service Reserve Fund for the Series 2017 Bonds, (iii) to fund capitalized interest with respect to the Series 2017 Bonds, 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 December 1, 2017, by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee").

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 – LONG-TERM DEBT (Continued)

Series 2017 Bonds

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

| Series 2017C Bonds | | |
|------------------------------------|---------------------|---------------|
| Final Maturity Date | Principal Amount | Interest Rate |
| July 1, 2027 | \$ 4,215,000 | 5.15% |
| July 1, 2037 | \$ 12,695,000 | 5.65% |
| July 1, 2047 | \$ 22,080,000 | 5.75% |
| Series 2017D Bonds (Taxable) | | |
| Final Maturity Date | Principal Amount | Interest Rate |
| July 1, 2020 | \$ 255,000 | 7.25% |

In connection with the Project, the School entered into a Loan Agreement (the "2017 Loan Agreement"), dated as of December 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) a mortgage interest in the Facilities (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.

Financial Covenants

Beginning with the fiscal year ending June 30, 2021, the School is required to maintain a minimum debt service coverage ratio (DSCR), as defined in the 2017 Loan Agreement, of 1.00. The DSCR increases to 1.05 for the fiscal year ending June 30, 2022, and 1.10 for the fiscal year ending June 30, 2023, and each fiscal year thereafter. Compliance with the DSCR is to be tested at the end of each fiscal year. Beginning with the fiscal year ending June 30, 2020 through June 30, 2022, the School is required by the 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, 2023, and 45 days for the year ending June 30, 2024, and each fiscal year end thereafter. For the year ended June 30, 2024, the School complied with the financial covenants.

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 – LONG-TERM DEBT (Continued)

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, 2024, the amount held in the Debt Service Reserve Fund was \$1,508,436. 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 December 1, 2017, by and between the Issuer and the Trustee. This amount is included with restricted investments - trustee at June 30, 2024.

The following is a schedule of long-term debt activity during the year ended June 30, 2024:

| | |
|-----------------------------|----------------------|
| Balance – beginning of year | \$ 38,990,000 |
| Reductions: | |
| Bond principal payments | <u>(760,000)</u> |
| Balance – end of year | <u>\$ 38,230,000</u> |
| Amount due within one year | <u>\$ 800,000</u> |

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 | Total Principal | Total Interest |
|-------------|----------------------|----------------------|
| June 30, | | |
| 2025 | \$ 800,000 | \$ 2,123,600 |
| 2026 | 840,000 | 2,080,340 |
| 2027 | 885,000 | 2,034,763 |
| 2028 | 930,000 | 1,986,868 |
| 2029 | 980,000 | 1,931,498 |
| 2030 - 2034 | 5,790,000 | 8,712,244 |
| 2035 - 2039 | 7,620,000 | 6,775,707 |
| 2040 - 2044 | 10,055,000 | 4,190,313 |
| 2045 - 2048 | 10,330,000 | 932,651 |
| Total | <u>\$ 38,230,000</u> | <u>\$ 30,767,984</u> |

The debt service payments for the 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. In the prior year, the School transferred remaining funds of approximately \$3,550,000 from the capital projects fund into the debt service. As a result, transfers made from the general fund to the debt service fund for the current year debt service payments were not required.

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – STATE AND PROGRAM REVENUES

The following is a schedule of state revenue, not associated with programs, for the year ended June 30, 2024:

State Sources:

District School Board of Miami-Dade County, Florida:

General:

| | |
|--------------------------------------|-----------------------------|
| Florida Education Finance Program | \$ 8,996,394 |
| Class size reduction | 1,350,595 |
| Educational Enrichment Allocation | 476,658 |
| ESE Guaranteed Allocation | 118,470 |
| SAFE Schools | 142,402 |
| Educational Enrollment Stabilization | 70,705 |
| Mental Health Assistance | 18,406 |
| FL teachers classroom supply | 25,500 |
| FL School Recognition Funds | 257,801 |
| Additional add-ons and adjustments | 194,982 |
| Total General | <u><u>\$ 11,651,913</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, 2024:

Program Revenues:

State Sources:

| | |
|-------------------------------|----------------------------|
| Safety and Security Grant | \$ 9,079 |
| Charter School Capital Outlay | 870,902 |
| Local Capital Improvement | 292,718 |
| Total State Sources | <u><u>\$ 1,172,699</u></u> |

Federal Sources:

| | |
|-----------|----------------------------|
| Title III | \$ 1,103 |
| Title IV | 68,678 |
| ESSER ARP | 1,741,392 |
| Total | <u><u>\$ 1,811,173</u></u> |

Charges for Services:

| | |
|-----------------------------------|--------------------------|
| Tutoring and other school courses | <u><u>\$ 398,696</u></u> |
|-----------------------------------|--------------------------|

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

DOWNTOWN DORAL CHARTER UPPER SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – INTERFUND BALANCES

At end of year, the capital projects fund and the special revenue funds owe the general fund for incurred capital outlay and grant expenditures. The following is a schedule of interfund balances due to and from the General Fund and Capital Projects and Special Revenue Funds as of June 30, 2024:

| | General Fund | Capital Projects and Special Revenue Funds | Total |
|---|-------------------|--|-------------|
| Due from (to) for capital outlay receivable | \$ 73,855 | \$ (73,855) | \$ - |
| Due from (to) for Title IV receivable | 68,678 | (68,678) | - |
| Total | <u>\$ 142,533</u> | <u>\$ (142,533)</u> | <u>\$ -</u> |

Amounts above are expected to be repaid within one year.

NOTE – 8 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 9 – 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, 2024, the School contributed to the Plan approximately \$119,500. The name of the 401(k) Plan is Regis HR Group 401(k).

NOTE 10 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the School carries commercial insurance. Settlement amounts have historically not exceeded insurance coverage. In addition, for the year ended June 30, 2024, there were no reductions in insurance coverage from those in the prior year.

DOWNTOWN DORAL CHARTER ELEMENTARY SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE
COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

| | Budgeted Original | Budgeted Final | GAAP Actual | Variance with Final Budget- Positive (Negative) |
|------------------------------------|----------------------|-------------------|---------------------|--|
| REVENUES | | | | |
| State sources and capital outlay | \$ 12,033,811 | \$ 12,145,370 | \$ 11,651,913 | \$ (493,457) |
| Federal sources | 2,174,007 | 1,867,947 | - | (1,867,947) |
| Local sources and other income | 2,032,349 | 3,193,375 | 2,926,474 | (266,901) |
| Total revenues | <u>16,240,167</u> | <u>17,206,692</u> | <u>14,578,387</u> | <u>(2,628,305)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 8,329,436 | 8,615,282 | 6,226,355 | 2,388,927 |
| Instructional support | 1,316,444 | 1,194,377 | 1,150,802 | 43,575 |
| Professional development | 70,064 | 61,000 | 44,026 | 16,974 |
| Instruction related technology | - | 402,265 | 434,727 | (32,462) |
| Board | 91,006 | 91,356 | 80,121 | 11,235 |
| General administration | 290,913 | 289,813 | 291,605 | (1,792) |
| School administration | 1,202,546 | 1,228,525 | 1,398,441 | (169,916) |
| Facilities acquisition and constr. | - | 129,450 | 298 | 129,152 |
| Fiscal services | 100,000 | 127,209 | 114,134 | 13,075 |
| Central services | 38,209 | 21,000 | 7,561 | 13,439 |
| Student transportation services | 51,000 | 59,000 | 154,670 | (95,670) |
| Operation and maintenance of plant | 1,504,933 | 1,761,078 | 1,013,311 | 747,767 |
| Community services | 62,398 | 62,713 | 61,635 | 1,078 |
| Debt service | 2,980,800 | 2,980,800 | 7,000 | 2,973,800 |
| Total expenditures | <u>16,037,749</u> | <u>17,023,868</u> | <u>10,984,686</u> | <u>6,039,182</u> |
| Net changes in fund balance | <u>\$ 202,418</u> | <u>\$ 182,824</u> | <u>\$ 3,593,701</u> | <u>\$ 3,410,877</u> |

See report of independent auditors and notes to budgetary comparison schedule.

DOWNTOWN DORAL CHARTER ELEMENTARY SCHOOL, INC.
A CHARTER SCHOOL SPONSORED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY,
FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2024

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, 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. Debt service expenses are included in the general fund budget as expenditures as the general fund will transfer to the debt service fund for payment. In addition, the School combines the special revenue funds with the general fund for overall budgeting purposes. Below is a budgetary comparison schedule for all combined governmental funds. Refer to the management discussion and analysis for variance explanations.

| | Budgeted Original | Budgeted Final | Total Governmental Funds GAAP Actual | Variance with Final Budget- Positive (Negative) |
|------------------------------------|----------------------|-------------------|--|--|
| REVENUES | | | | |
| State sources and capital outlay | \$ 12,033,811 | \$ 12,145,370 | \$ 12,824,612 | \$ 679,242 |
| Federal sources | 2,174,007 | 1,867,947 | 1,811,173 | (56,774) |
| Local sources and other income | 2,032,349 | 3,193,375 | 3,535,448 | 342,073 |
| Total revenues | <u>16,240,167</u> | <u>17,206,692</u> | <u>18,171,233</u> | <u>964,541</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 8,329,436 | 8,615,282 | 8,315,098 | 300,184 |
| Instructional support | 1,316,444 | 1,194,377 | 1,150,802 | 43,575 |
| Professional development | 70,064 | 61,000 | 44,026 | 16,974 |
| Instruction related technology | - | 402,265 | 434,727 | (32,462) |
| Board | 91,006 | 91,356 | 94,050 | (2,694) |
| General administration | 290,913 | 289,813 | 291,605 | (1,792) |
| School administration | 1,202,546 | 1,228,525 | 1,398,441 | (169,916) |
| Facilities acquisition and constr. | - | 129,450 | 298 | 129,152 |
| Fiscal services | 100,000 | 127,209 | 114,134 | 13,075 |
| Central services | 38,209 | 21,000 | 7,561 | 13,439 |
| Student transportation services | 51,000 | 59,000 | 154,670 | (95,670) |
| Operation and maintenance of plant | 1,504,933 | 1,761,078 | 1,727,332 | 33,746 |
| Community services | 62,398 | 62,713 | 61,635 | 1,078 |
| Debt service | 2,980,800 | 2,980,800 | 2,971,800 | 9,000 |
| Capital outlay | - | - | 458,678 | (458,678) |
| Total expenditures | <u>16,037,749</u> | <u>17,023,868</u> | <u>17,224,857</u> | <u>(200,989)</u> |
| Net changes in fund balance | <u>\$ 202,418</u> | <u>\$ 182,824</u> | <u>\$ 946,376</u> | <u>\$ 763,552</u> |

Special Revenue Fund – Major

The School uses a special revenue fund to account for the American Rescue Plan – Elementary and Secondary Relief (ESSER III) Fund. In accordance with Governmental Accounting Standards Board Statement 34, Paragraph 130, budgetary comparison schedules should be presented as required supplementary information for the general fund and each major special revenue fund that has a legally adopted annual budget. Because the budget for the ESSER III fund is not an annual budget and covers multiple years, a budgetary comparison schedule for the ESSER III fund is not required.



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**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 Upper School, Inc.
Doral, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downtown Doral Charter Upper 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, 2024, 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 20, 2024.

Report on Internal Control over Financial Reporting

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

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

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

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.

García Santa María De Armas Trujillo, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, FL
September 20, 2024

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*



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COLLABORATIVE FAMILY
LAW INSTITUTE

To the Board of Directors of
Downtown Doral Charter Upper 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 Upper School, Inc., a charter school sponsored by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2024, and have issued our report thereon dated September 20, 2024.

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 20, 2024, 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 Upper School, Inc., and the school code assigned to it is 13-7044.

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 Upper 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 Upper 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 Upper School, Inc. It is management's responsibility to monitor the Downtown Doral Charter Upper 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, 2024, 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 Upper 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 Upper 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 fraud, waste 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.

García Santa María De Armas Trujillo, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, FL
September 20, 2024