



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

Doral, Florida

Financial Statements and
Independent Auditors' Report

June 30, 2019

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Doral Performing Arts and Entertainment Academy

W/L#: 7009

11100 NW 27th Street
Doral, FL 33172

2018-2019

BOARD OF DIRECTORS

Angela Ramos, Director, President and Chair
Rene Rovirosa, Director, Secretary and Treasurer
Kim Guilarte, Director
Ana Guimaraes, Director, and Student Alumni Representative
Fabiana Campos, Director and Parent Representative

SCHOOL ADMINISTRATION

Carlos Ferralls, Principal



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Doral Performing Arts and Entertainment Academy (the "School"), a charter school under The Doral Academy, Inc., as of, and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Doral Performing Arts and Entertainment Academy as of June 30, 2019, 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.

Other Matters

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Doral Performing Arts and Entertainment Academy as of June 30, 2019, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of The Doral Academy, Inc. These financial statements do not purport to and do not present fairly the financial position of The Doral Academy, Inc. as of June 30, 2019 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 through 9 and 28 through 29 be presented to supplement the basic financial statements. Such information, 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 10, 2019 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 10, 2019

Management's Discussion and Analysis
Doral Performing Arts and Entertainment Academy
(A Charter School Under The Doral Academy, Inc.)
June 30, 2019

The corporate officers of the Doral Performing Arts and Entertainment Academy have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2019.

Financial Highlights

1. The net position of the School at June 30, 2019 was \$4,560,527.
2. At year-end, the School had current assets on hand of \$2,485,240.
3. The net position of the School had an increase in its net position of \$914,188 for the year ended June 30, 2019.
4. The unassigned fund balance at year end was \$2,296,171.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2019 are presented under GASB 34. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

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

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

Notes to Financial Statements

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

The notes to the financial statements can be found on pages 16 – 27 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a charter school's financial position. In the case of the School, the net position was \$4,560,527 at the close of the fiscal year. A summary of the School's net position as of June 30, 2019 and 2018 are as follows:

	2019	2018
Cash and cash equivalents	\$ 4,277	\$ 9,611
Investments	2,407,000	614,000
Prepaid expenses	36,197	39,759
Due from other agencies	37,766	5,606
Due from other divisions of The Doral Academy, Inc.	2,200,000	3,050,000
Capital assets, net	28,159	15,828
Total Assets	4,713,399	3,734,804
Deferred outflows of resources	-	-
Accounts payable and accrued liabilities	115,928	88,465
Due to other divisions of The Doral Academy, Inc.	36,944	
Total Liabilities	152,872	88,465
Deferred inflows of resources	-	-
Net Position:		
Net investment in capital assets and long-term receivables	2,228,159	3,065,828
Unrestricted	2,332,368	580,511
Total Net Position	\$4,560,527	\$3,646,339

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

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2019 and 2018 follows:

	<u>2019</u>	<u>2018</u>
REVENUES		
Program Revenues		
Operating grants and contributions	\$ 22,055	\$ -
Capital outlay funding	215,099	204,524
Lunch program	96,001	99,103
General Revenues		
Local sources (FTE and other non specific)	2,882,282	2,766,351
Other revenue	33,534	19,212
Total Revenues	<u>\$3,248,971</u>	<u>\$3,089,190</u>
 EXPENSES		
Instruction	\$1,133,021	\$1,144,351
Student support services	47,262	82,570
Instructional staff training	30	1,718
Board	29,350	28,900
School administration	258,743	252,024
Fiscal services	70,125	58,950
Food services	103,617	83,698
Central services	68,703	66,921
Pupil transportation services	4,070	-
Operation of plant	612,019	733,795
Maintenance of plant	7,843	1,111
Administrative technology services	-	527
Total Expenses	<u>2,334,783</u>	<u>2,454,565</u>
Increase in Net Position	914,188	634,625
Net Position at Beginning of Year	<u>3,646,339</u>	<u>3,011,714</u>
Net Position at End of Year	<u>\$4,560,527</u>	<u>\$3,646,339</u>

In the current year, Doral Performing Arts & Entertainment Academy's revenue increased by \$159,781 and expenses decreased by \$119,782, respectively. Doral Performing Arts & Entertainment Academy had an increase in net position of \$914,188 for the year.

School Location

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

Capital Improvement Requirements

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

Governmental Funds

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

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

At the end of the fiscal year, the School's governmental general fund reported ending fund balance of \$2,332,368. The fund balance unassigned and available for spending at the School's discretion is \$2,296,171. These funds will be available for the School's future ongoing operations.

Capital Assets

The School's investment in capital assets as of June 30, 2019 amounts to \$28,159 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures and computer equipment. The School has no outstanding debt associated to capital assets.

Accomplishments

In 2019, Doral Performing Arts and Entertainment Academy completed its 13th year of operations, enrolling 401 students in grades 9-12. This past year, the school received a letter grade of "A" for the 11th consecutive year. Results on the Collegeboard's Advanced Placement (AP) Examinations demonstrate that Doral Performing Arts and Entertainment Academy is one of the premier "College Prep" schools in the country.

The school was nationally recognized as a Blue Ribbon School by the U.S. Department of Education. This award recognizes public and private schools for their overall academic excellence or for progress in closing achievement gaps, demonstrating that all students can achieve at high levels. Doral Performing Arts and Entertainment Academy has ranked among

“America’s Top 100 High Schools” by *The Daily Beast*, as well as one of the “Best High Schools” in the country by *U.S. News and World Report*.

Doral Performing Arts and Entertainment Academy provides its students with a rigorous college preparatory curriculum with a focus on Arts and Entertainment, as well as a rich extra-curricular program of activities, including team sports and clubs. Doral High has been upgrading its facilities, which now include additional classroom facilities, labs, art rooms, a band room, and production rooms, a state-of-the-art gymnasium, a brand new, top-notch football field, and other ball fields.

The school was recognized for various accomplishments including:

- Firebird Thespians performed a production of *The Addams Family*
- Senior, Maria Pelayo placed Honorable Mention in the Latino Art Beat Competition
- Photography student, Sabrina Martínez, was awarded 3rd & 4th place in Jostens + Photofest photo competition in the Graduation Category
- Firebird Singers, Wind Ensemble and Rubies Dance Team participated in the United We Make Music and Dance production at FIU
- Firebird thespians attended the 2019 Florida State Thespian competition in Tampa representing District 8 troupe 6358. 4 of the pieces taken to compete received a superior and 2 received an excellent.
- The Firebird Singers and The Lady Firebirds received Straight Superiors at their annual competition

As part of the Doral Academy, Inc. network of high performing charter schools, Doral Performing Arts and Entertainment Academy is fully accredited by AdvancED under the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS-CASI) division.

Governmental Fund Budget Analysis and Highlights

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

	Governmental Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State capital outlay funding	\$ 203,750	\$ 215,485	\$ 215,099
Lunch program	70,900	71,300	71,580
Federal sources	21,500	21,955	22,055
Charges for services	23,718	24,120	24,421
General Revenues			
FTE nonspecific revenues	2,874,607	2,880,485	2,882,282
Charges and other revenues	26,000	32,300	33,534
Total Revenues	<u>\$ 3,220,475</u>	<u>\$ 3,245,645</u>	<u>\$ 3,248,971</u>
CURRENT EXPENDITURES			
Instruction	\$ 1,436,127	\$ 1,118,644	\$ 1,115,388
Student support services	60,230	51,881	47,262
Instructional staff training	-	100	30
Board	38,275	32,623	29,350
School administration	142,392	260,981	257,765
Fiscal services	61,125	70,125	70,125
Food services	104,000	103,850	103,617
Central services	71,625	70,167	68,703
Pupil transportation services	1,000	5,167	4,070
Operation of plant	482,439	597,626	611,697
Maintenance of plant	40,000	8,000	7,843
Total Current Expenditures	<u>\$ 2,437,213</u>	<u>\$ 2,319,164</u>	<u>\$ 2,315,850</u>

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

Requests for Information

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

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

Statement of Net Position
June 30, 2019

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and cash equivalents	\$ 4,277
Investments	2,407,000
Prepaid expenses	36,197
Due from other agencies	<u>37,766</u>
Total current assets	2,485,240
Capital assets, depreciable	433,695
Less: accumulated depreciation	<u>(405,536)</u>
	28,159
Due from other divisions of The Doral Academy, Inc., long-term	<u>2,200,000</u>
Total Assets	<u>4,713,399</u>
 <u>Deferred Outflows of Resources</u>	 <u>-</u>
 <u>Liabilities</u>	
Current liabilities:	
Salaries and wages payable	115,928
Due to other divisions of The Doral Academy, Inc.	<u>36,944</u>
Total current liabilities	152,872
 <u>Deferred Inflows of Resources</u>	 <u>-</u>
 Net Position:	
Net investment in capital assets and long-term receivables	2,228,159
Unrestricted	<u>2,332,368</u>
Total Net Position	<u>\$ 4,560,527</u>

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

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

Statement of Activities
For the year ended June 30, 2019

FUNCTIONS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 1,133,021	\$ -	\$ 10,220	\$ -	\$ (1,122,801)
Student support services	47,262	-	-	-	(47,262)
Instructional staff training	30	-	-	-	(30)
Board	29,350	-	-	-	(29,350)
School administration	258,743	-	-	-	(258,743)
Fiscal services	70,125	-	-	-	(70,125)
Food services	103,617	24,421	71,580	-	(7,616)
Central services	68,703	-	-	-	(68,703)
Pupil transportation services	4,070	-	-	-	(4,070)
Operation of plant	612,019	-	-	215,099	(396,920)
Maintenance of plant	7,843	-	11,835	-	3,992
Total governmental activities	2,334,783	24,421	93,635	215,099	(2,001,628)
General revenues:					
FTE and other nonspecific revenues					2,882,282
Other revenues					33,534
Change in net position					914,188
Net position, beginning					3,646,339
Net position, ending					<u>\$ 4,560,527</u>

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

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

Balance Sheet - Governmental Funds
June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund (Non-Major)	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 4,277	\$ -	\$ -	\$ 4,277
Investments	2,407,000	-	-	2,407,000
Prepaid expenses	36,197	-	-	36,197
Due from other agencies	-	22,055	15,711	37,766
Due from fund	37,766	-	-	37,766
Total Assets	<u>2,485,240</u>	<u>22,055</u>	<u>15,711</u>	<u>2,523,006</u>
Deferred Outflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Liabilities</u>				
Salaries and wages payable	115,928	-	-	115,928
Due to fund	-	22,055	15,711	37,766
Due to other divisions of The Doral Academy, Inc.	36,944	-	-	36,944
Total Liabilities	<u>152,872</u>	<u>22,055</u>	<u>15,711</u>	<u>190,638</u>
Deferred Inflows of Resources				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance</u>				
Nonspendable, not in spendable form	36,197	-	-	36,197
Unassigned	2,296,171	-	-	2,296,171
	<u>2,332,368</u>	<u>-</u>	<u>-</u>	<u>2,332,368</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$2,485,240</u>	<u>\$ 22,055</u>	<u>\$ 15,711</u>	<u>\$ 2,523,006</u>

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

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2019

Total Fund Balance - Governmental Funds \$ 2,332,368

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

Capital assets of \$433,695 net of accumulated depreciation of \$405,536 used in governmental activities are not financial resources and therefore are not reported in the fund. 28,159

Long term receivables in governmental activities are not financial resources and therefore are not reported in the governmental funds. 2,200,000

Total Net Position - Governmental Activities \$ 4,560,527

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

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the year ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund (Non-Major)	Total Governmental Funds
Revenues:				
State passed through local	\$ 2,882,282	\$ -	\$ -	\$ 2,882,282
State capital outlay funding	-	-	215,099	215,099
Federal school lunch program	-	71,580	-	71,580
Lunch fees	-	24,421	-	24,421
Federal sources	-	22,055	-	22,055
Other revenue	33,534	-	-	33,534
Total Revenues	2,915,816	118,056	215,099	3,248,971
Expenditures:				
Current				
Instruction	1,105,168	10,220	-	1,115,388
Student support services	47,262	-	-	47,262
Instructional staff training	30	-	-	30
Board	29,350	-	-	29,350
School administration	257,765	-	-	257,765
Food services	-	103,617	-	103,617
Fiscal services	70,125	-	-	70,125
Central services	68,703	-	-	68,703
Pupil transportation services	4,070	-	-	4,070
Operation of plant	396,598	-	215,099	611,697
Maintenance of plant	7,843	-	-	7,843
Capital Outlay:				
Other capital outlay	31,264	-	-	31,264
Total Expenditures	2,018,178	113,837	215,099	2,347,114
Excess of revenues over expenditures	897,638	4,219	-	901,857
Other financing sources (uses)				
Transfers in (out)	4,219	(4,219)	-	-
Long term collections	850,000	-	-	850,000
Net change in fund balance	1,751,857	-	-	1,751,857
Fund Balance at beginning of year	580,511	-	-	580,511
Fund Balance at end of year	\$ 2,332,368	\$ -	\$ -	\$ 2,332,368

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

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2019

Net Change in Fund Balance - Governmental Funds \$ 1,751,857

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$31,264 exceeded depreciation expense of \$18,933. 12,331

Issuance of long-term receivables represents a financial expenditure to governmental funds, but increases long-term assets in the statement of net position. Increase in long-term receivables is an expenditure in the governmental funds, but a decrease or collection of such receivables reduces long-term assets in the statement of net position. This is the amount by which collections of \$850,000 exceeded advances of long-term receivables in the current period of \$-0-. (850,000)

Change in Net Position of Governmental Activities \$ 914,188

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Doral Performing Arts and Entertainment Academy (the "School"), is a charter school sponsored by the School Board of Miami-Dade County, Florida (the "District"). The Schools charter is held by The Doral Academy, Inc., a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act. The governing body of the School is the board of directors of The Doral Academy, Inc., which is composed of five members and also governs other charter schools. The board has determined no component units exist that would require inclusion in the School's financial statements.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter granted by the sponsoring District, the School Board of Miami-Dade County, Florida. The former charter between the district and Doral College, Inc. was amended and renewed under Doral Academy, Inc. for the remainder of the term. The current charter expires on June 30, 2030 and it can be renewed in accordance with law. A charter can also be terminated before its date of expiration for reasons set forth in the charter and Section 1002.33 of the Florida Statutes.

The School is located in Doral, Florida for students from ninth through twelfth grades. These financial statements are for the year ended June 30, 2019, when on average 399 students were enrolled for the school year.

Basis of Presentation

The School's accounting policies conform to accounting principles generally accepted in the United States as applicable to state and local governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Program revenues include: (1) charges for services which report fees; (2) operating grants such as the National School Lunch Program, Federal grants, and other state allocations; and (3) capital grants specific to capital outlay. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

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

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

Special Revenue Fund – accounts for specific revenue, such as federal lunch program and other grants that are legally restricted to expenditures for particular purposes.

Measurement Focus and Basis of Accounting

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidance*.

The government-wide statements report using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The School recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized, on the modified accrual basis, when they are measurable and available. Non-exchange transactions occur when the school provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Most donations are examples of non-exchange transactions.

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined.

Note 1 – Summary of Significant Accounting Policies (continued)

“Available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgets and Budgetary Accounting

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

Cash, Cash Equivalents 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/savings accounts.

The School has not adopted a formal deposit and investment policy that limits the School’s allowable deposits or investments and address specific types of risk; however the School invests excess deposit funds in a government money market mutual fund. The School has adopted GASB Codification Section 3100 *Fair Value Measurement and Application* (see Note 2).

Inter-fund Transfers

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

Due from Other Governments or Agencies

Amounts due to the School by other governments or agencies are for grants or programs under which the services have been provided by the School.

Capital Assets

The School’s property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the statement of net position in the government-wide financial statements. Donated capital assets are recorded at their estimated fair market value on the date donated. The School generally capitalizes assets with a cost of \$500 or more.

Note 1 – Summary of Significant Accounting Policies (continued)

Building improvements, additions and other capital outlays that significantly extend the useful life of an asset are capitalized.

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and Equipment	5 Years
Textbooks	3 Years

Deferred Outflows/Inflows of Resources

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

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

Revenue Sources

Revenues for operations will be received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of the full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. After review and verification of FTE reports and supporting documentation, the FDOE may adjust subsequent fiscal period allocations of FEFP funding for prior year errors disclosed by its review as well as to prevent statewide allocations from exceeding the amount authorized by the Legislature. Normally, such adjustments are treated as reductions of revenue in the year the adjustment is made.

Note 1 – Summary of Significant Accounting Policies (continued)

The School receives state funds through the District under charter school capital outlay funding pursuant to Section 1013.62, Florida Statutes. Funds are based on a capital outlay plan submitted to the District and are to be used for lease of school facilities. In addition, the School may receive a portion of the local capital improvement ad valorem tax revenues levied by the District.

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

Income Taxes

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

Order of Fund Balance Spending Policy

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

Net Position and Fund Balance Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three (3) components:

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

Note 1 – Summary of Significant Accounting Policies (continued)

Fund financial statements

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

- a) Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Consists of fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- b) Restricted - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- c) Committed - fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. There are no committed fund balances at year end.
- d) Assigned - fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. There are no assigned fund balances at year end.
- e) Unassigned - portion of the fund balance that has not been restricted, committed or assigned for a specific purpose. This is the residual classification for the School's general fund.

Use of Estimates

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

Subsequent Events

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure September 10, 2019, which is the date the financial statements were available to be issued.

Note 2 – Cash, Cash Equivalents and Investments

Deposits

The School maintains its cash and cash equivalents in one financial institutions. As of June 30, 2019, the School's deposits consisted of cash balances of \$4,632.

Deposits at FDIC-insured institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Doral Academy, Inc., which also operates various other charter schools. All bank accounts are opened under the account ownership of Doral Academy, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2019, bank balances in potential excess of FDIC coverage was approximately \$4,632.

Investments

The School categorizes its fair value measurements within the fair value hierarchy established by GASB Codification Section 3100 *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in markets for identical assets; Level 2 inputs are significant other observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.); Level 3 inputs are significant unobservable inputs.

At June 30, 2019, the School has the following recurring fair value measurements:

- Government money market mutual fund of \$2,740,000 valued using Level 2 inputs.

The government money market mutual fund values its portfolio securities at amortized cost which approximates fair value. The government money market mutual fund primarily invests in cash, high quality, short-term U.S. government securities and/or repurchase agreements that are collateralized fully by government securities that have been valued by the fund as Level 2. As of July 31, 2019, maturities of the fund's portfolio holdings are approximately 81% within 30 days.

Credit Risk

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

Custodial credit risk is the risk that in the event of a failure of a depository financial institution or counterparty that is in possession of investment or collateral securities, the School will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the School will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. At June 30, 2019, all of the School's investments in government money market mutual funds were held in a separate account and designated as assets of the School.

Note 2 – Cash, Cash Equivalents and Investments (continued)

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. The School manages its exposure to declines in fair values by limiting all investments to government money market mutual funds that can be redeemed daily.

Note 3 –Capital Assets

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2019:

	Balance 07/01/18	Additions	Retirements	Balance 06/30/19
Capital Assets:				
Furniture, equipment and textbooks	\$ 402,431	\$ 31,264	\$ -	\$ 433,695
Total Capital Assets	402,431	31,264	-	433,695
Less Accumulated Depreciation:				
Furniture, equipment and textbooks	(386,603)	(18,933)	-	(405,536)
Total Accum. Depreciation	\$(386,603)	\$ (18,933)	\$ -	\$(405,536)
 Capital Assets, net	 <u>\$ 15,828</u>	 <u>\$ 12,331</u>	 <u>\$ -</u>	 <u>\$ 28,159</u>

For the fiscal year ended June 30, 2019, depreciation expense is allocated in the Statement of Activities by function as follows:

Instruction	\$	17,633
Operation of plant		322
School administration		978
Total Depreciation Expense	<u>\$</u>	<u>18,933</u>

Note 4 – Education Service and Support Provider

Academica Dade, LLC, a professional charter school education service and support provider, provides administrative services to the School including, but not limited to, facility design, staffing recommendations, human resource coordination, regulatory compliance, legal and corporate upkeep, maintenance of the books and records, bookkeeping, budgeting, financial reporting and virtual services. The agreement with the education service provider calls for a fee on a per student basis. The agreement is with Doral Academy, Inc. for a period of five years, through June 30, 2021, and unless terminated by the board shall be renewed along with any renewals to the charter agreement. During the year ended June 30, 2019, the School incurred \$180,450 in fees.

Academica Dade, LLC is located at 6340 Sunset Drive, Miami, Florida 33143.

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

During 2019, the School was located on the premises of Doral Academy High School (a charter school under The Doral Academy, Inc.). Management allocates a proportionate share of leases, salaries, lunch receipts, food and supplies, and other expenses to each school individually based on student enrollment. In addition, Doral Academy High School holds the student activities fund of the School. The School reimbursed Doral Academy High School approximately \$448,000 during the year in connection with these shared costs.

The School’s lunch program is shared with various other charter schools under The Doral Academy, Inc. Revenues and expenses related to such program have been allocated based on FTE equivalent for purposes of presentation in the financial statements.

The following schedule provides a summary of changes in long-term receivables for the year ended June 30, 2019:

	Balance 07/01/18	Additions	Repayments	Balance 06/30/19
The Doral Academy, Inc.	\$2,500,000	\$ -	\$(600,000)	\$1,900,000
Due from Doral Academy High School	550,000	-	(250,000)	300,000
Long-term receivables	<u>\$3,050,000</u>	<u>\$ -</u>	<u>\$(850,000)</u>	<u>\$2,200,000</u>

The Doral Academy, Inc. charges all its affiliated schools an assessment for shared corporate costs and accreditation expenses. The School paid The Doral Academy, Inc. \$80,200 in connection with these charges during the year.

Note 6 – Commitments, Contingencies, and Concentrations

The School entered into a lease and security agreement (“agreement”) with School Development, LLC (the “Landlord”, an affiliate of the School’s education service and support provider – Note 4) for its 57,000 square foot building including all ancillary facilities, outdoor areas and other improvements. Fixed initial annual payments under this agreement were based on a rate of \$30.23 per square footage of the building, which amounted to \$1,722,842 adjusted annually based on the Consumer Price Index (CPI) plus additional property costs including repairs, maintenance and insurance. The agreement continues through August 2024 with an option to renew for an additional five-year term

Note 6 – Commitments, Contingencies and Concentrations (continued)

For 2019, rent expense totaled \$318,798. Lease payments are allocated among School and Doral Academy High School based on enrollment and usage of facility. The allocation used for 2019, was approximately 18% for the School and 82% for Doral Academy High School.

Future minimum payments under these leases are as follows:

<u>Year</u>	
2020	\$1,796,000
2021	\$1,796,000
2022	\$1,796,000
2023	\$1,796,000
2024	\$1,796,000
2025-2029	\$8,980,000 (Total for a five year period)
2030-2034	\$8,980,000 (Total for a five year period)
2035-2036	\$3,592,000 (Total for a two year period)

Bond Issue and Repayment

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

Through a Usage Fee Agreement approved by the Board of Directors of the Organization, all Capital and Operating costs as defined herein will be due on a monthly basis commencing on the first day of the first full calendar month following the date on which the Organization receives a temporary certificate of occupancy for Doral Hall.

Note 6 – Commitments, Contingencies, and Concentrations (continued)

All costs of the acquisition, design, permitting, construction, equipping (“Capital Costs”) and operations including interest expense, ongoing financing fees, all insurance, all taxes, property management fees, utilities, maintenance, repairs, replacements (“Operating Costs”) of Doral Hall, together with an annual administrative fee of 5% of the sum of the Capital and Operating Costs each year, shall be shared among the Four Schools in proportion to their relative annual student enrollments. The certificate of occupancy was obtained on April 11, 2019. Usage fee in relation to this agreement for the year ended June 30, 2019 was \$33,582. The allocation used for 2019, was approximately 18% for the School and 82% for Doral Academy High School.

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

The debt service on the tax-exempt bond financing for the Organization (which will be allocated between the Four Schools) is as follows:

Year	Principal	Interest	Total
2020	\$ 350,000	\$ 1,087,250	\$ 1,437,250
2021	\$ 365,000	\$ 1,069,750	\$ 1,434,750
2022	\$ 385,000	\$ 1,051,500	\$ 1,436,500
2023	\$ 405,000	\$ 1,032,250	\$ 1,437,250
2024	\$ 425,000	\$ 1,012,000	\$ 1,437,000
2025-2029	\$ 2,460,000	\$ 4,719,500	\$ 7,179,500 (total for five year period)
2030-2034	\$ 3,145,000	\$ 4,039,250	\$ 7,334,000 (total for five year period)
2035-2039	\$ 4,005,000	\$ 3,171,500	\$ 6,976,250 (total for five year period)
2040-2044	\$ 5,110,000	\$ 2,065,250	\$ 7,175,250 (total for five year period)
2045-2048	\$ 5,095,000	\$ 652,750	\$ 5,747,750 (total for four year period)

Contingencies and Concentrations

The School receives substantially all of its funding from the District under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs.

The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations.

Additionally, the School receives various forms of federal, state and local funding which are subject to financial and compliance audits. It is the opinion of management that the amount of funding, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the School.

Note 6 – Commitments, Contingencies, and Concentrations (continued)

Pursuant to the Charter School contract with the School District, the District withholds an administrative fee of 2% of the qualifying revenues of the School. For the year ended June 30, 2019, administrative fees withheld by the School District totaled \$32,604.

Note 7 – Inter-fund Transfers

Inter-fund transfers in governmental funds as of June 30, 2019 consist of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund (Non-Major)
To fund lunch deficit	\$ (7,616)	\$ 7,616	\$ -
Reimbursement from Restart Grant for prior period expenditures	11,835	(11,835)	-
Total Transfers, net	<u>\$ 4,219</u>	<u>\$ (4,219)</u>	<u>\$ -</u>
Due to General Fund from Capital Projects Fund for capital outlay	\$ 15,711	\$ -	\$ (15,711)
Due to General Fund from Special Revenue Fund for Restart Grant	11,835	(11,835)	-
Due to General Fund from Special Revenue Fund for Title IV	10,220	(10,220)	-
Total Due from/(Due to)	<u>\$ 37,766</u>	<u>\$ (22,055)</u>	<u>\$ (15,711)</u>

Note 8 – Risk Management

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

The School has entered into a strategic relationship with ADP TotalSource, Inc., a human resource management firm, typically known as “Professional Employer Organization” (PEO). Under a co-employment agreements, the PEO is the employer of record and is responsible for administering payroll, payroll taxes, provide employee benefits and assist with human resources and risk management. Accordingly, certain human resource related risks are transferred to the PEO. Nevertheless, the School may be subject to risks, including loss, penalties and fines related to employment practices, administrative error and omissions.

Note 9 – Defined Contribution Retirement Plan

The School’s personnel, who are leased through ADP TotalSource Group, Inc., are eligible to participate in a defined contribution 401(k) plan sponsored by the leasing company, covering employees who meet certain age and tenure requirements. Under the ADP TotalSource Retirement Savings Plan (the “Plan”), the School approved a match of 100% of the employee’s contribution up to 4% of the employee’s compensation. The School contributed to the Plan \$30,875 for the year ended June 30, 2019. The School does not exercise any control or fiduciary responsibility over the Plan’s assets, which are administered by Voya.

REQUIRED SUPPLEMENTARY INFORMATION

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2019

	General Fund		
	Original Budget	Final Budget	Actual
REVENUES			
State passed through local	\$ 2,874,607	\$ 2,880,485	\$ 2,882,282
Other revenue	26,000	32,300	33,534
Total Revenues	<u>2,900,607</u>	<u>2,912,785</u>	<u>2,915,816</u>
EXPENDITURES			
Current:			
Instruction	1,424,009	1,107,144	1,105,168
Student support services	60,230	51,881	47,262
Instructional staff training	-	100	30
Board	38,275	32,623	29,350
School administration	142,392	260,981	257,765
Fiscal services	61,125	70,125	70,125
Central services	71,625	70,167	68,703
Pupil transportation services	1,000	5,167	4,070
Operation of plant	278,689	382,141	396,598
Maintenance of plant	40,000	8,000	7,843
Total Current Expenditures	<u>2,117,345</u>	<u>1,988,329</u>	<u>1,986,914</u>
Excess of Revenues Over Current Expenditures	<u>783,262</u>	<u>924,456</u>	<u>928,902</u>
Capital Outlay	<u>75,000</u>	<u>32,600</u>	<u>31,264</u>
Total Expenditures	<u>2,192,345</u>	<u>2,020,929</u>	<u>2,018,178</u>
Excess of Revenues Over Expenditures	708,262	891,856	897,638
Other financing sources (uses):			
Transfers in (out)	-	2,025	4,219
Long term collections	-	850,000	850,000
Net change in fund balance	708,262	1,743,881	1,751,857
Fund Balance at beginning of year	<u>580,511</u>	<u>580,511</u>	<u>580,511</u>
Fund Balance at end of year	<u>\$ 1,288,773</u>	<u>\$ 2,324,392</u>	<u>\$ 2,332,368</u>

Notes to Budgetary Comparison Schedule

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

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

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2019

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal sources	\$ 21,500	\$ 21,955	\$ 22,055
Federal school lunch program	70,900	71,300	71,580
Lunch fees	23,718	24,120	24,421
Total Revenues	116,118	117,375	118,056
EXPENDITURES			
Current:			
Instruction	12,118	11,500	10,220
Food services	104,000	103,850	103,617
Total Current Expenditures	116,118	115,350	113,837
Excess of Revenues Over Current Expenditures	-	2,025	4,219
Capital Outlay	-	-	-
Total Expenditures	116,118	115,350	113,837
Excess of Revenues Over Expenditures	-	2,025	4,219
Other financing sources (uses)			
Transfers in (out)	-	(2,025)	(4,219)
Net change in fund balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ -	\$ -

Notes to Budgetary Comparison Schedule

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Doral Performing Arts and Entertainment Academy (the "School") as of, and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report September 10, 2019.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that were reported to management in a separate management letter September 10, 2019, pursuant to Chapter 10.850, Rules of the Auditor General.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 10, 2019



MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Doral Performing Arts and Entertainment Academy, Doral, Florida, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated September 10, 2019.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedules, which are dated September 10, 2019, should be considered in conjunction with this management letter.

Prior Audit Findings

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

There were no findings and recommendations 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 and the school code assigned by the Florida Department of Education of the entity is Doral Performing Arts and Entertainment Academy, 7009.

Financial Condition and Management

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

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

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

ML – 19-01 CAPITAL ASSETS

Criteria:	The School is required to maintain an inventory of capital assets purchased with public funds in accordance with local, state or federal regulations.
Condition:	We noted that the School does not have a formal process for reconciling the capital assets inventory report to the capital assets of the Schools trial balance.
Cause:	The condition results from school personnel not consistently performing an inventory of all fixed assets and reconciling to the Schools trial balance.
Effect:	Failure to perform the procedures mentioned above could result in a misstated Annual Property Inventory.
Recom- mendation:	We recommend that the School perform an annual inventory of all capital assets and reconcile to the capital asset ledgers recorded on the School's books.
Views of Responsible Officials:	Management will adhere to auditor's recommendation. The ESSP is assisting the schools with identifying the proper support to ensure schools are in full compliance with inventory requirements.

Transparency

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

Additional Matters

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

Purpose of this Letter

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

Handwritten signature in blue ink that reads "HLB Gravier, LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 10, 2019