

Capital Trust Authority, Inc.
Meeting of the Board of Directors

Thursday, December 7, 2023
9:00AM.
315 Fairpoint Drive
Gulf Breeze, FL 32561

Meeting called by: **Denis A. McKinnon, III**

Type of meeting: **Regular**

Facilitator: **Chris Kemp**
Chairman

Note Taker: **Connie Beargie**
Office Administrator

Attendees: **Chris Kemp (Chairman), Gary Michaels (Vice Chairman), Bob Cleveland (Secretary), Deborah Roche (Asst. Secretary), Burt Snooks (Board Member), Harry Wilder (Board Member), Bobby Potomski (Board Member), Christy Larkins (Board Member), Mayor Cherry Fitch (Board Member), Kareem Spratling (General Counsel), Brooke Gonzalez (General Counsel), Samantha Abell (City Manager), and Denis McKinnon, III (Executive Director).**

Please bring: **Attached supplements**

Agenda

<u>Item:</u>	<u>Description:</u>	<u>Presenter:</u>
1.	Call to Order	Chris Kemp
2.	Minutes 11/16/23	Denis McKinnon, III
3.	Award Resolution 23-23 – IDEA Public School	Denis McKinnon, III
4.	Award Resolution 24-23 – Kid’s Community College Charter School	Denis McKinnon, III
5.	Pipeline Report	Denis McKinnon, III
6.	Adjourn	Chris Kemp

**MINUTES OF THE
CAPITAL TRUST AUTHORITY, INC.**

The 16th meeting of the Capital Trust Authority, Inc., Gulf Breeze, Florida, was held at 315 Fairpoint Dr, Gulf Breeze, Florida and on Thursday, November 16, 2023 at 9:00 a.m.

The following Board Members were present: Chris Kemp (Chairman), Gary Michaels (Vice-Chairman), Burt Snooks (Board Member), Christy Larkins (Board Member), Mayor Cherry Fitch (Board Member), and Bobby Potomski (Board Member). Also attending was Denis McKinnon (Executive Director), and Connie Beargie (Office Administrator). Attending via teleconference was Kareem Spratling (BMO Bond Counsel), Brooke Gonzalez (BMO Bond Counsel) and special guest Robert Ryan (First Tryon Advisors).

AGENDA ITEM:

Capital Trust Authority Minutes from 10/26/2023

DISCUSSION:

No discussion.

MOTION/ACTION:

Gary Michaels made a motion to approve the minutes as presented. Christy Larkins seconded. Vote for approval was 6-0.

AGENDA ITEM:

Award Resolution 19-23 – Creative Learning Academy

DISCUSSION:

Creative Learning Academy is a private school located in Pensacola, Florida. The proposed financing is for the construction of a two story 14,000 square foot building to be located on 3.8 acres of property already owned by the school. The new building will accommodate approximately 130 students in grades 5-8.

Denis McKinnon introduced Robert Ryan, III, Financial Analyst with First Tryon Advisors.

Denis McKinnon stated this will be a private placement with Renasant Bank. Denis stated the TEFRA approval will be through the Governors office, rather than local government.

Mayor Cherry Fitch stated CLA has always had a great reputation and is pleased to see them growing. Christy Larkins said she feels good about this project.

Burt Snooks asked if the cost per student is increasing. Robert Ryan replied that it is increasing with added hiring expenses and additional pre-k and daycare expenses.

MOTION/ACTION:

Mayor Cherry Fitch made a motion to approve Resolution 19-23 as presented. Christy Larkins seconded. Vote for approval was 6-0.

AGENDA ITEM:

Inducement Resolution 20-23 – IDEA Public Schools

DISCUSSION:

IDEA Public Schools is a 501c3 non-profit serving schools in Florida, Louisiana, Texas and Ohio. IDEA has 143 schools serving more than 84,000 students. IDEA has four schools in Florida with more than 3000 students in grades K-12. IDEA Victory and IDEA Hope are located in Tampa, IDEA River Bluff and IDEA Bassett are both located in Jacksonville.

Denis McKinnon stated he met the project asset managers during the Florida Charter School Conference in October. Denis further stated the underwriter will be Morgan Stanley and noted this is the Authority's first opportunity to work with this group.

Gary Michaels asked if we have more recent financials than the 6/30/2022 financials provided. Denis McKinnon replied that we will have 6/30/2023 prior to the final resolution.

Burt Snooks asked if the Florida schools have bad debt expenses. Denis replied no, the Florida schools are separate legal entities and do not carry any of the bad debt reported by the whole enterprise.

Mayor Cherry Fitch stated the Florida school facilities look good. Mayor Fitch asked about the grade gap in the projections. Denis McKinnon replied that the grades are filled as the K-3 programs graduate and move up into grades 4-6 and so on.

Gary Michaels asked for more history on the schools and the updated financials prior to the final award resolution.

Bobby Potomski asked if the Authority has the opportunity to issue bonds outside of Florida. Denis replied that the Authority is a national issuer and he is constantly reminding our business partners of the extended footprint. CTA has outstanding bonds in OH, AL, GA, TX, MI, WI, SC and TN.

Kareem Spratling brought to the Board's attention the revised Resolution which includes added vacant land for future growth opportunities.

Chris Kemp asked about the difference between the outstanding debt and the amount of the proposed bonds. Kareem Spratling it is needed to create flexibility, however, the final bonds will match up.

MOTION/ACTION:

Christy Larkins made a motion to approve Resolution 20-23 with the following information to be provided prior to consideration of the final award resolution: 2023 Audit, detailed Sources & Uses, additional background/history of the parent organization. Gary Michaels seconded. Vote for approval was 6-0.

AGENDA ITEM:

Inducement Resolution 21-23 – Mohawk Valley Materials

DISCUSSION:

Mohawk Valley Materials is seeking tax exempt private activity bonds in order to purchase an existing solid waste company located in DeFuniak Springs, Florida. The financing will include all mineral rights such as clay, red sand, topsoil, white sand, and other mineral reserves.

Denis McKinnon stated we will apply for a Private Activity Bond allocation in January 2024 and expect to close sometime in March 2024. Kareem Spratling commented that waste management bonds are a common type of bond issuance.

Burt Snooks asked if this will require an extra layer of TEFRA approval from the Governor's office. Denis replied that the Division of Bond Finance will rely upon the opinion letter from Bond Counsel.

Bobby Potomski asked if Walton County is in favor of this purchase. Denis replied that according to Samantha Abell, they are in favor of this project.

MOTION/ACTION:

Mayor Cherry Fitch made a motion to approve Resolution 21-23 as presented. Bobby Potomski seconded. Vote for approval was 6-0.

AGENDA ITEM:

Inducement Resolution 22-23 – AcadeMir Math and Science

DISCUSSION:

AcadeMir Charter Schools is an existing 501c3 non-profit located in Miami, Florida. CTA has issued three of their projects on various campuses and are performing well. The purpose of the bonds is to finance the acquisition the leased facilities and of modular classrooms and expand enrollment by approximately 125 students. There are currently over 200 students on the wait list.

Denis McKinnon stated the two schools included in this financing will be cross-collateralized and the bonds issued on parity.

Chris Kemp stated the organization structure appears to be stable.

MOTION/ACTION:

Gary Michaels made a motion to approve Resolution 22-23 as presented. Christy Larkins seconded. Vote for approval was 6-0.

AGENDA ITEM:

Pipeline Report

DISCUSSION:

Denis McKinnon provided a brief overview of current and potential projects:

Denis stated the Heritage Park TEFRA was not approved.

Denis stated the Kids Community Charter School is on hold due to new financing terms and will transition to private bank financing in the next 3-4 weeks.

Denis McKinnon stated that, unfortunately, due to rising interest rates, the EducationRE project will be soon be removed from the pipeline.

MOTION/ACTION:

No Action Required.

No other formal business of the board was taken and the meeting adjourned at approximately 9:50am.

Minutes submitted by: _____ Connie Beargie, Office Administrator

Approved by: _____ Chris Kemp, Chairman

TO: Capital Trust Authority Board of Directors
FROM: Denis McKinnon, III
RE: IPS Enterprises, Inc
DATE: December 7, 2023

Introduction

IPS Enterprises, Inc (“IDEA” or the Borrower) has applied to the Capital Trust Authority (the “Authority”) for the issuance of not to exceed \$87,000,000 of tax-exempt bonds to finance or refinance the construction and acquisition of 4 existing charter schools located in Jacksonville and Tampa, FL.

I want to begin by apologizing for the larger than normal board packet. You all have indicated to CTA staff you would like to see a more streamlined approach with the amount of information you receive. In trying to answer the questions raised during inducement, I find myself adding more and more information to the packet.

During Inducement, the Borrower had not yet finalized its 6-30-23 audit and you were presented with FYE 6-30-22 audits. Those audits are included in your packet for IDEA and IDEA Florida, the Florida based borrower, who owns the 4 schools contemplated in this financing. IDEA has total assets of more than \$2 billion; total net assets of more than \$370 million. The Financial Advisor, John Buck, has indicated the nature of such a large organization caused the audit not to be ready until the end of November. Each IDEA entity is a 501c3 nonprofit organization.

Included in the packet is the investor presentation. If you have not had a chance, please take a moment to watch the presentation here on your computer:

<https://roadshow.munios.com/roadshow-viewer.aspx?e=X28RK>

You will be asked to create an account, but I feel the information is best presented by the Borrower’s CEO, President, CFO and leadership team.

I have asked the school’s financial advisor to join us via zoom on Thursday to help answer any questions.

Description of the Applicant

IDEA is an existing public charter school operator based in Texas. The Borrower is a 501c3 non-profit entity currently serving schools in Louisiana, Florida, Texas, and Ohio. IDEA has 143 total schools across the country serving more than 84,000 students. The Borrower is proud that 100% of its graduating seniors were accepted to a college in 2023.

In Florida, IDEA operates 4 schools with more than 3,000 students with goals to grow to 6 schools serving 3,500 students.



IDEA Victory

IDEA Victory opened in the 2021-22 school year in Tampa, FL. The school comprises a 107,000 SF building with 42 instructional spaces and provides space for 1,905 students.

IDEA Hope

Like, Victory, IDEA Hope opened in the 2021-22 school year and comprises a 71,000 SF building in Tampa, FL.

IDEA River Bluff

River Bluff is in Jacksonville, FL and opened its doors in the 2022-23 school year. River Bluff is currently serving 324 students in grades K-4 and 6-7. The facility comprises an 81,000 SF facility with space for 1,905 students.

IDEA Bassett

Bassett also opened in 2022-23 school year in Jacksonville, FL. It is a newly constructed 77,000SF building with space for 1,272 students.

All IDEA schools in Florida have been designated as Schools of Hope by the State. According to the FL Department of Education a School of Hope is:

A charter school operated by a hope operator which serves students from one or more persistently low-performing schools; is located in the

attendance zone of a persistently low-performing school or within a 5-mile radius of such school, whichever is greater; and is a Title I eligible school.

Hope Operator

A hope operator is a nonprofit organization with tax exempt status under s. 501(c)(3) of the Internal Revenue Code that operates three or more charter schools that serve students in grades K-12 in Florida or other states with a record of serving students from low-income families and is designated by the State Board of Education as a hope operator based on a determination that:

- a. The past performance of the hope operator meets or exceeds the following criteria:
 - 1. The achievement of enrolled students exceeds the district and state averages of the states in which the operator’s schools operate;

2. The average college attendance rate at all schools currently operated by the operator exceeds 80 percent, if such data is available;
 3. The percentage of students eligible for a free or reduced price lunch under the National School Lunch Act enrolled at all schools currently operated by the operator exceeds 70 percent;
 4. The operator is in good standing with the authorizer in each state in which it operates;
 5. The audited financial statements of the operator are free of material misstatements and going concern issues; and
 6. Other outcome measures as determined by the State Board of Education;
- b. The operator was awarded a United States Department of Education Charter School Program Grant for Replication and Expansion of High-Quality Charter Schools within the preceding 3 years before applying to be a hope operator;
 - c. The operator receives funding through the National Fund of the Charter School Growth Fund to accelerate the growth of the nation's best charter schools; or
 - d. The operator is selected by a district school board in accordance with s. 1002.333.

The five Florida designated hope operators are: Mater Academy, RCMA, Democracy Prep Public Schools, Inc., IDEA Public Schools, and KIPP New Jersey.

Financing

The Borrower expects to refinance the senior loans on all 4 campuses plus working capital. The bonds will also fund costs of issuance and a debt service reserve fund.

Morgan Stanley is serving as underwriter. This is CTA's first opportunity to work with this underwriter. Bond Counsel will be Hunton Andrews Kurth, a first for CTA. Bryant Miller Olive will serve as Issuer's Counsel. The Borrower has engaged John Buck of Buck Financial Advisors as its FA.

SOURCES AND USES OF FUNDS

Capital Trust Authority
 Capital Trust Authority IPS Enterprises, Inc., Ed. Facilities Lease Revenue Bonds, Series 2023AB
 PRELIMINARY

Dated Date 12/21/2023
 Delivery Date 12/21/2023

Sources:	Educational Facilities Lease Revenue Bonds, Series 2023A	Educational Facilities Lease Revenue Bonds, Series 2023B	Total
Bond Proceeds:			
Par Amount	85,160,000.00	715,000.00	85,875,000.00
	<u>85,160,000.00</u>	<u>715,000.00</u>	<u>85,875,000.00</u>
Uses:	Educational Facilities Lease Revenue Bonds, Series 2023A	Educational Facilities Lease Revenue Bonds, Series 2023B	Total
Project Fund Deposits:			
Jax Project Fund	35,497,197.06		35,497,197.06
Tampa Project Fund	39,229,859.47		39,229,859.47
Excess Cash- Aggregate Project Fund	688.48	2,429.99	3,118.47
Other Project Related Costs (HAK)	300,000.00		300,000.00
Taxable Project Fund		400,000.00	400,000.00
	<u>75,027,745.01</u>	<u>402,429.99</u>	<u>75,430,175.00</u>
Other Fund Deposits:			
DSRF (Lesser of 3 Tests)	8,516,000.00	71,500.00	8,587,500.00
Delivery Date Expenses:			
Cost of Issuance	764,654.99	233,920.01	998,575.00
Underwriter's Discount	851,600.00	7,150.00	858,750.00
	<u>1,616,254.99</u>	<u>241,070.01</u>	<u>1,857,325.00</u>
	<u>85,160,000.00</u>	<u>715,000.00</u>	<u>85,875,000.00</u>

Recommendation

It is the recommendation of Authority staff that the Board adopt Resolution 23-23, approving the issuance of not to exceed 87,000,000 on behalf of the Borrower. We look forward to seeing you at our meeting on 12/7.

IDEA Public Schools

Consolidated Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2023 and 2022

IDEA Public Schools

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Board of Directors

Collin Sewell, Board Chair

Ed Rivera, Vice Chair

Anthony Ryan Vaughan, Secretary

Dr. Nanette Cocero, Member

Michael Adams, Member

Gary Lindgren, Member

Theresa Barrera-Shaw, Member

Superintendent and Chief Executive Officer

Dr. Jeffrey Cottrill

Chief Financial Officer

James Dworkin

Certificate of Board

We, the undersigned, certify that the attached financial and compliance report of IDEA Public Schools was reviewed and (check one) approved disapproved for the year ended June 30, 2023, at a meeting of the governing body of the charter holder on the 27th day of October 2023.

DocuSigned by:

A. Ryan Vaughan

8733808F D608406

Signature of Board Secretary

DocuSigned by :

[Signature]

BEE775B55

Signature of Board President

If the governing body of the charter holder disapproved the independent auditors' report, the reason(s) for disapproving it is (are): (attach list as necessary)

Blazek & Vetterling

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
IDEA Public Schools:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IDEA Public Schools (IDEA), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, of cash flows, and of functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of IDEA as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of IDEA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 IDEA's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IDEA'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 IDEA'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Supplementary information in the consolidating statement of financial position as of June 30, 2023, consolidating statement of activities and consolidating statement of cash flows for the year then ended is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information on pages 50 through 59 is presented for purposes of additional analysis as required by the Texas Education Agency and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Unaudited Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Budgetary Variance Explanations and Schedule of Real Property Ownership Interest on pages 60 through 69 are presented for purposes of additional analysis as required by the Texas Education Agency and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023 on our consideration of IDEA'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 IDEA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IDEA's internal control over financial reporting and compliance.

Blazek & Vetterling

October 27, 2023

IDEA Public Schools

Consolidated Statements of Financial Position as of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 222,094,145	\$ 212,797,060
Cash and cash equivalents – held in trust	77,839,675	74,435,959
Government grant receivables	257,213,499	210,555,078
Contributions receivable, net	2,371,357	5,777,777
Accounts receivable	27,455,105	42,004,568
Investments – operating	32,099,053	32,455,444
Prepaid expenses	5,751,785	3,215,350
Other current assets	<u>1,385,165</u>	<u>1,008,322</u>
Total current assets	<u>626,209,784</u>	<u>582,249,558</u>
Fixed assets:		
Right-of-use asset – operating leases	10,617,358	11,284,218
Right-of-use asset – finance leases, net	55,257	9,820,178
Property and equipment, net	<u>1,492,501,382</u>	<u>1,386,428,026</u>
Total fixed assets	<u>1,503,173,997</u>	<u>1,407,532,422</u>
Other noncurrent assets:		
Cash and cash equivalents – held in trust	29,776,441	70,701,489
Contributions receivable, net	1,833,860	2,729,132
Investments – held in trust	9,310,197	6,889,328
Cash and cash equivalents – held for endowment	<u>374,806</u>	<u>-</u>
Total other noncurrent assets	<u>41,295,304</u>	<u>80,319,949</u>
TOTAL ASSETS	<u>\$ 2,170,679,085</u>	<u>\$ 2,070,101,929</u>

(continued)

IDEA Public Schools

Consolidated Statements of Financial Position as of June 30, 2023 and 2022

(continued)

	<u>2023</u>	<u>2022</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 16,318,055	\$ 48,806,584
Accrued wages, benefits, and taxes	53,920,885	73,901,392
Accrued interest payable	22,333,243	22,095,619
Accrued expenses	22,422,234	9,366,282
Refundable advances	5,222,013	4,949,822
Other liabilities	7,810,902	33,543,327
Due to U. S. Department of Education	28,000,000	-
Bonds payable – current portion	26,255,000	23,505,000
Notes payable – current portion	121,559,784	56,237,583
Operating lease payable – current portion	5,568,792	5,552,443
Finance leases payable – current portion	<u>32,028</u>	<u>2,323,943</u>
Total current liabilities	<u>309,442,936</u>	<u>280,281,995</u>
Long-term liabilities:		
Bonds payable, net	1,226,054,565	1,210,663,073
Notes payable, net	257,455,440	202,267,192
Operating leases payable	5,059,724	5,587,354
Finance leases payable	<u>25,134</u>	<u>8,724,319</u>
Total long-term liabilities	<u>1,488,594,863</u>	<u>1,427,241,938</u>
TOTAL LIABILITIES	<u>1,798,037,799</u>	<u>1,707,523,933</u>
Commitments and contingencies	-	-
Net assets:		
Without donor restrictions	(694,738)	(3,162,578)
With donor restrictions	<u>373,336,024</u>	<u>365,740,574</u>
Total net assets	<u>372,641,286</u>	<u>362,577,996</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,170,679,085</u>	<u>\$ 2,070,101,929</u>

See accompanying notes to consolidated financial statements.

IDEA Public Schools

Consolidated Statement of Activities for the year ended June 30, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT:			
Local support:			
Grants – cash and financial assets	\$ -	\$ 9,447,330	\$ 9,447,330
Grant reversions	(55,167)	(4,166,247)	(4,221,414)
Contributions:			
Cash and other financial assets	23,849	1,867,148	1,890,997
Nonfinancial assets	41,000	-	41,000
Management fees	69,752,345	-	69,752,345
Rental income	14,810,625	-	14,810,625
Net investment return	641,998	3,996,798	4,638,796
Other revenue	3,976	10,061,857	10,065,833
Total local support	<u>85,218,626</u>	<u>21,206,886</u>	<u>106,425,512</u>
State program revenue:			
Foundation School Program	-	777,894,817	777,894,817
Other state aid	-	30,583,391	30,583,391
Total state program revenue	<u>-</u>	<u>808,478,208</u>	<u>808,478,208</u>
Federal program revenue:			
ESEA Title I – Part A	-	14,202,320	14,202,320
ESEA Title II – Part A Teacher/Principal Training	-	149,769	149,769
ESEA Title III – Part A Language Acquisition	-	2,337,556	2,337,556
TCLAS High Quality After School	-	191,662	191,662
IDEA B Formula – Special Education	-	8,266,219	8,266,219
IDEA B Preschool – Special Education	-	37,820	37,820
ESEA Title V – Part B Charter Schools	-	8,448,784	8,448,784
Teacher Incentive Fund	-	500,136	500,136
Lone Star STEM Cycle 2 Year 1	-	15,351	15,351
ELC Reopening Schools	-	1,151,054	1,151,054
ARP Homeless II	-	14,927	14,927
Twenty-First Century Community			
Learning Centers	-	1,197,011	1,197,011
Education Innovation and Research	-	1,019,186	1,019,186
ESEA Title IV – Part A	-	6,206	6,206
Elementary and Secondary School			
Emergency Relief Fund	-	216,735	216,735
Elementary and Secondary School			
Emergency Relief Fund II	-	31,884,197	31,884,197
Elementary and Secondary School			
Emergency Relief Fund III	-	29,002,076	29,002,076
Child Nutrition – (including \$1,131,892 of in-kind contributions)	-	86,753,373	86,753,373
IDEA Comprehensive Health Professions	-	700,194	700,194
SSA, Title XIX – School Health and Related Services	-	7,888,047	7,888,047
Total federal program revenue	<u>-</u>	<u>193,982,623</u>	<u>193,982,623</u>
Net assets released for purpose restrictions	<u>988,662,962</u>	<u>(988,662,962)</u>	<u>-</u>
Total revenue and other support	<u>1,073,881,588</u>	<u>35,004,755</u>	<u>1,108,886,343</u>

(continued)

IDEA Public Schools

Consolidated Statement of Activities for the year ended June 30, 2023

(continued)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
EXPENSES:			
Program services:			
Instructional and instructional-related services	\$ 538,472,911	\$ -	\$ 538,472,911
Instructional and school leadership	147,901,621	-	147,901,621
Support services – student (pupil)	188,272,086	-	188,272,086
Support services – nonstudent based	87,888,820	-	87,888,820
Ancillary services	<u>31,441,668</u>	<u>-</u>	<u>31,441,668</u>
Total program services	<u>993,977,106</u>	<u>-</u>	<u>993,977,106</u>
Support services:			
Administrative support services	53,725,245	-	53,725,245
Support services – nonstudent based	21,250,526	-	21,250,526
Fundraising	<u>2,513,452</u>	<u>-</u>	<u>2,513,452</u>
Total support services	<u>77,489,223</u>	<u>-</u>	<u>77,489,223</u>
Total expenses	<u>1,071,466,329</u>	<u>-</u>	<u>1,071,466,329</u>
OTHER INCREASES (DECREASES) IN NET ASSETS:			
Gain on disposal of assets	52,581	-	52,581
Realized gains on investments	-	109,487	109,487
Unrealized gains on investments	<u>-</u>	<u>481,208</u>	<u>481,208</u>
Change in net assets before repayment of grant funds	2,467,840	35,595,450	38,063,290
Repayment of grant funds to U. S. Department of Education	<u>-</u>	<u>(28,000,000)</u>	<u>(28,000,000)</u>
CHANGE IN NET ASSETS	2,467,840	7,595,450	10,063,290
Net assets, beginning of year	<u>(3,162,578)</u>	<u>365,740,574</u>	<u>362,577,996</u>
Net assets, end of year	<u>\$ (694,738)</u>	<u>\$ 373,336,024</u>	<u>\$ 372,641,286</u>

See accompanying notes to consolidated financial statements.

IDEA Public Schools

Consolidated Statement of Activities for the year ended June 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT:			
Local support:			
Grants – cash and nonfinancial assets	\$ 299,245	\$ 24,079,630	\$ 24,378,875
Contributions:			
Cash and other financial assets	14,087	1,490,320	1,504,407
Nonfinancial assets	-	1,277,388	1,277,388
Management fees	48,466,307	-	48,466,307
Rental income	3,287,900	-	3,287,900
Net investment return	85	572,864	572,949
Other revenue	<u>12,591,560</u>	<u>5,273,231</u>	<u>17,864,791</u>
Total local support	<u>64,659,184</u>	<u>32,693,433</u>	<u>97,352,617</u>
State program revenue:			
Foundation School Program	-	706,251,431	706,251,431
Other state aid	<u>-</u>	<u>26,181,236</u>	<u>26,181,236</u>
Total state program revenue	<u>-</u>	<u>732,432,667</u>	<u>732,432,667</u>
Federal program revenue:			
ESEA Title I – Part A	-	21,194,189	21,194,189
ESEA Title II – Part A Teacher/Principal Training	-	1,018,231	1,018,231
ESEA Title III – Part A Language Acquisition	-	1,538,478	1,538,478
IDEA B Formula – Special Education	-	6,805,678	6,805,678
IDEA B Preschool – Special Education	-	49,628	49,628
ESEA Title V – Part B Charter Schools	-	11,306,024	11,306,024
Teacher Incentive Fund	-	1,601,144	1,601,144
Lone Star STEM Cycle 2 Year 1	-	36,170	36,170
Instructional Continuity	-	1,335	1,335
ELC Reopening Schools	-	600,721	600,721
Twenty-First Century Community Learning Centers	-	1,620,606	1,620,606
Education Innovation and Research	-	1,145,280	1,145,280
ESEA Title IV – Part A Elementary and Secondary School Emergency Relief Fund	-	7,142,493	7,142,493
Elementary and Secondary School Emergency Relief Fund II	-	50,201,530	50,201,530
Elementary and Secondary School Emergency Relief Fund III	-	16,478,820	16,478,820
Child Nutrition – (including \$1,766,214 of in-kind contributions)	-	62,574,300	62,574,300
IDEA Comprehensive Health Professions SSA, Title XIX – School Health and Related Services	-	4,347,687	4,347,687
	<u>-</u>	<u>11,666,175</u>	<u>11,666,175</u>
Total federal program revenue	<u>-</u>	<u>200,514,819</u>	<u>200,514,819</u>
Net assets released for purpose restrictions	<u>924,598,835</u>	<u>(924,598,835)</u>	<u>-</u>
Total revenue and other support	<u>989,258,019</u>	<u>41,042,084</u>	<u>1,030,300,103</u>

(continued)

IDEA Public Schools

Consolidated Statement of Activities for the year ended June 30, 2022

(continued)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
EXPENSES:			
Program services:			
Instructional and instructional-related services	\$ 465,894,635	\$ -	\$ 465,894,635
Instructional and school leadership	156,968,130	-	156,968,130
Support services – student (pupil)	167,821,090	-	167,821,090
Support services – nonstudent based	103,023,828	-	103,023,828
Ancillary services	<u>1,770,843</u>	<u>-</u>	<u>1,770,843</u>
Total program services	<u>895,478,526</u>	<u>-</u>	<u>895,478,526</u>
Support services:			
Administrative support services	61,505,668	-	61,505,668
Support services – nonstudent based	23,897,488	-	23,897,488
Fundraising	<u>8,979,913</u>	<u>-</u>	<u>8,979,913</u>
Total support services	<u>94,383,069</u>	<u>-</u>	<u>94,383,069</u>
Total expenses	<u>989,861,595</u>	<u>-</u>	<u>989,861,595</u>
OTHER INCREASES (DECREASES) IN NET ASSETS:			
Loss on disposal of assets	(37,960)	-	(37,960)
Unrealized loss on investments	<u>(523,475)</u>	<u>-</u>	<u>(523,475)</u>
CHANGE IN NET ASSETS	(1,165,011)	41,042,084	39,877,073
Net assets, beginning of year	<u>(1,997,567)</u>	<u>324,698,490</u>	<u>322,700,923</u>
Net assets, end of year	<u>\$ (3,162,578)</u>	<u>\$ 365,740,574</u>	<u>\$ 362,577,996</u>

See accompanying notes to consolidated financial statements.

IDEA Public Schools

Consolidated Statements of Cash Flows for the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 10,063,290	\$ 39,877,071
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	65,570,163	63,643,472
Amortization of premium and debt issuance costs	(6,765,951)	(6,197,278)
Bad debt expense	353,806	792,419
Unrealized gain/(loss) on investments	(590,695)	523,475
(Gain)/loss on disposal of property and equipment	65,841	37,960
Changes in current assets and liabilities:		
Government grant receivables	(46,658,421)	(68,637,354)
Contributions receivable	4,301,692	4,798,760
Accounts receivable	(1,045,937)	(41,169,945)
Prepaid expenses	(1,867,947)	372,477
Other current assets	(376,843)	(284,648)
Accounts payable	(32,688,529)	(1,189,811)
Accrued wages, benefits, and taxes	(19,980,507)	9,794,219
Accrued interest payable	90,948	3,039,310
Accrued expenses	11,836,584	(12,289,471)
Refundable advances	272,191	(9,259,350)
Other liabilities	(9,475,960)	30,356,667
Due to U. S. Department of Education	28,000,000	-
Operating lease liabilities	<u>(6,460,063)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>(5,356,338)</u>	<u>14,207,973</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Construction and purchase of property and equipment	(70,689,923)	(180,791,189)
Proceeds from disposal of property and equipment	-	2,923,464
Cash received from acquisition of companies	21,950,254	
Purchase of certificates of deposit	(69,112,343)	(86,981,871)
Proceeds from maturity of certificates of deposit	69,066,807	86,981,718
Purchases of investments	(24,000,000)	(16,955,226)
Proceeds from sale of investments	22,571,753	38,696,629
Investments in notes receivable from graduates	<u>(353,806)</u>	<u>(792,419)</u>
Net cash used by investing activities	<u>(50,567,258)</u>	<u>(156,918,894)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings of long-term debt	287,315,512	472,770,969
Principal payments on long-term debt	(256,664,300)	(250,600,412)
Payment of debt issuance costs	-	(31,573,208)
Payments on finance leases	<u>(2,577,057)</u>	<u>(1,911,130)</u>
Net cash provided by financing activities	<u>28,074,155</u>	<u>188,686,219</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(27,849,441)	45,975,298
Cash and cash equivalents, beginning of year	<u>357,934,508</u>	<u>311,959,210</u>
Cash and cash equivalents, end of year	<u>\$ 330,085,067</u>	<u>\$ 357,934,508</u>

(continued)

IDEA Public Schools

Consolidated Statements of Cash Flows for the years ended June 30, 2023 and 2022 *(continued)*

	<u>2023</u>	<u>2022</u>
<i>Reconciliation of cash and cash equivalents:</i>		
Cash and cash equivalents	\$ 222,094,142	\$ 212,797,060
Cash and cash equivalents – held in trust	77,839,675	74,435,959
Cash and cash equivalents – noncurrent – held in trust	29,776,444	70,701,489
Cash and cash equivalents – held for endowment	<u>374,806</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 330,085,067</u>	<u>\$ 357,934,508</u>
 <i>Supplemental disclosure of cash flow information:</i>		
Cash paid for interest	\$63,271,353	\$46,585,513
Right-of-use assets obtained in exchange for new lease obligations:		
Operating lease obligations	\$8,800,890	\$13,781,586
Finance lease obligations	\$2,453,505	\$3,356,603

See accompanying notes to consolidated financial statements.

IDEA Public Schools

Consolidated Statement of Functional Expenses for the year ended June 30, 2023

	PAYROLL COSTS	PROFESSIONAL AND CONTRACTED SERVICES	SUPPLIES AND MATERIALS	OTHER OPERATING COSTS	DEBT	TOTAL
Program services:						
Instructional and instructional-related services	\$ 376,981,056	\$ 33,428,731	\$ 39,585,267	\$ 35,912,627	\$ 52,565,230	\$ 538,472,911
Instructional and school leadership	133,964,165	6,128,838	4,008,649	3,799,969	-	147,901,621
Support services – student (pupil)	116,072,509	6,561,153	54,541,878	11,096,546	-	188,272,086
Support services – nonstudent based	28,101,311	24,183,595	10,782,135	24,821,779	-	87,888,820
Ancillary services	<u>612,019</u>	<u>427,797</u>	<u>150,812</u>	<u>30,251,040</u>	-	<u>31,441,668</u>
Total program services	<u>655,731,060</u>	<u>70,730,114</u>	<u>109,068,741</u>	<u>105,881,961</u>	<u>52,565,230</u>	<u>993,977,106</u>
Support services:						
Administrative support services	28,867,498	16,012,423	1,545,651	3,580,763	3,718,910	53,725,245
Support services – nonstudent based	12,367,313	3,698,547	1,502,749	3,681,917	-	21,250,526
Fundraising	<u>2,078,131</u>	<u>125,955</u>	<u>136,082</u>	<u>173,284</u>	-	<u>2,513,452</u>
Total support services	<u>43,312,942</u>	<u>19,836,925</u>	<u>3,184,482</u>	<u>7,435,964</u>	<u>3,718,910</u>	<u>77,489,223</u>
Total expenses	<u>\$ 699,044,002</u>	<u>\$ 90,567,039</u>	<u>\$ 112,253,223</u>	<u>\$ 113,317,925</u>	<u>\$ 56,284,140</u>	<u>\$ 1,071,466,329</u>

See accompanying notes to consolidated financial statements.

IDEA Public Schools

Consolidated Statement of Functional Expenses for the year ended June 30, 2022

	<u>PAYROLL COSTS</u>	<u>PROFESSIONAL AND CONTRACTED SERVICES</u>	<u>SUPPLIES AND MATERIALS</u>	<u>OTHER OPERATING COSTS</u>	<u>DEBT</u>	<u>TOTAL</u>
Program services:						
Instructional and instructional-related services	\$ 347,152,854	\$ 39,380,598	\$ 32,957,849	\$ 5,073,961	\$ 41,329,373	\$ 465,894,635
Instructional and school leadership	125,242,885	5,570,652	4,421,167	21,733,426	-	156,968,130
Support services – student (pupil)	105,636,090	7,311,210	43,499,139	11,374,651	-	167,821,090
Support services – nonstudent based	24,523,015	29,805,168	7,108,723	41,586,922	-	103,023,828
Ancillary services	<u>716,569</u>	<u>521,985</u>	<u>149,070</u>	<u>383,219</u>	<u>-</u>	<u>1,770,843</u>
Total program services	<u>603,271,413</u>	<u>82,589,613</u>	<u>88,135,948</u>	<u>80,152,179</u>	<u>41,329,373</u>	<u>895,478,526</u>
Support services:						
Administrative support services	30,901,348	23,111,369	1,462,368	2,976,098	3,054,485	61,505,668
Support services – nonstudent based	12,584,568	6,502,322	1,518,573	3,292,025	-	23,897,488
Fundraising	<u>3,978,829</u>	<u>700,658</u>	<u>128,211</u>	<u>4,172,215</u>	<u>-</u>	<u>8,979,913</u>
Total support services	<u>47,464,745</u>	<u>30,314,349</u>	<u>3,109,152</u>	<u>10,440,338</u>	<u>3,054,485</u>	<u>94,383,069</u>
Total expenses	<u>\$ 650,736,158</u>	<u>\$ 112,903,962</u>	<u>\$ 91,245,100</u>	<u>\$ 90,592,517</u>	<u>\$ 44,383,858</u>	<u>\$ 989,861,595</u>

See accompanying notes to consolidated financial statements.

IDEA Public Schools

Notes to Consolidated Financial Statements for the years ended June 30, 2023 and 2022

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization: IDEA Public Schools (charter holder known as IDEA Academy, Inc.) is a nonprofit Texas corporation formed in June 2000. IDEA Public Schools (the School) operates and does business as Individuals Dedicated to Excellence and Achievement (IDEA) Public Schools. The School is a state authorized, open enrollment charter school. The Contract for the Charter granted by the State Board of Education of the State of Texas pursuant to Chapter 12 of the Texas Education Code is effective until July 2025. The School provides educational services to students in grades Pre-K through 12, with total enrollment of approximately 80,000 students at 143 schools.

The School operates as a single charter school and conducts other noncharter activities with and through IPS Enterprises, Inc. (IPS), a Texas nonprofit corporation whose sole member is the School. IPS is consolidated since the School has a direct controlling interest in IPS through ownership.

The School also operates an in-district charter school in the Midland Independent School District. The Contract for Charter granted by the State Board of Education of the State of Texas pursuant to Chapter 12 of the Texas Education Code will continue to be in effect for an initial ten-year school term and may be renewed for three successive five-year terms (or longer). The School provides educational services to students in grades K through 6.

Basis of consolidation: The consolidated financial statements include the accounts of the School and IPS. All balances and transactions between the consolidated entities have been eliminated.

ACCOUNTING POLICIES:

Net asset classification: Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Cash and cash equivalents: The School considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash held in trust is limited as to use under the terms of the bond indenture. Interest income earned on cash held in trust is limited as to use under the terms of the bond indenture.

Government grant receivables and state and federal program revenue: The School considers all government grants to be conditional contributions, which are subject to one or more barriers that must be overcome before the School is entitled to receive or retain funding. The School recognizes revenue

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

from government grants as performance requirements are met or eligible expenditures are incurred in compliance with specific grant provisions. Contributions received before conditions have been met are reported as refundable advances.

Contributions and contributions receivable: Contributions are recognized at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support. Conditional contributions are subject to one or more barriers that must be overcome before the School is entitled to receive or retain funding. Conditional contributions are recognized in the same manner when the conditions have been substantially met. Funding received before conditions are met is reported as refundable advances. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted revenue. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. For long-lived assets purchased with federal or state contributions, the School reports expirations of donor restrictions over the estimated useful life, as stipulated by the donor.

Unconditional contributions that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue.

Donated services and assets: Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation are recognized at the estimated fair value as contributions when an unconditional commitment is received from the donor. Contributions of donated noncash assets are recorded at the estimated fair value in the period the unconditional commitment is received. The related expense is recognized as the item is used.

Allowance for doubtful accounts: An allowance for doubtful accounts is established on accounts receivable, contributions receivable, and other receivables when it is believed that the balances may not be collected in full. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The School considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is recorded in these financial statements.

Investments: Marketable securities are stated at fair value. Non-negotiable certificates of deposit are stated at cost. Net investment return is reported in the statement of activities as an increase in net assets without donor restrictions unless the use of the income is limited by donor-imposed restrictions. Net investment return consists of interest and dividends net of external and direct internal investment expenses. Investments held in trust are limited as to use under the terms of the bond indenture and represent funds held for construction activity and debt service requirements. The related investment return is also limited as to use under the terms of the bond indenture.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes receivable: IDEA uses nonpublic fund sources to make loans to graduates of the School who are enrolled in college. The loans are interest free with principal due six months after graduation from college or immediately upon withdrawal from college. Outstanding notes receivable at June 30, 2023 and 2022 totaled \$4,962,007 and \$4,608,201, respectively. Due to the uncertainty of collecting outstanding notes, an allowance for doubtful accounts of \$4,962,007 and \$4,608,201 at June 30, 2023 and 2022, respectively, is provided.

Property and equipment and right-of-use assets – finance: Property and equipment are stated at cost or at fair value, if donated. The School capitalizes expenditures in excess of \$5,000 for property and equipment with an expected life greater than a year. Assets held under finance leases are recorded at present value of the lease payments at the inception of the lease.

Depreciation and amortization is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the period of the related lease.

<u>ASSET CLASSIFICATION</u>	<u>ESTIMATED USEFUL LIVES</u>
Buildings and improvements	10-30 years
Leasehold improvements	5-15 years
Vehicles	5 years
Furniture and equipment	3-10 years

Right-of-use assets – operating: A right-of-use asset – operating is recognized at the present value of the lease payments at inception of the lease. Lease expense is recognized on a straight-line basis as rent expense in the statement of activities.

Impairment of long-lived assets: The School reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. The School did not recognize an impairment loss during the years ended June 30, 2023 and 2022.

Debt issuance costs: Costs related to the issuance of bonds and notes payable are reported as a direct reduction of the related debt and are amortized as interest expense over the term of the bonds or notes using the effective interest method.

Management fees and other revenue: Revenue from contracts with customers is derived primarily from employee leasing, management and shared services fees, academic support fees, food service fees and other miscellaneous fees. Revenue is recognized as the services are provided to a customer in an amount that reflects the consideration the School expects to be entitled to in exchange for those services. Payment is due monthly for all services, except for the academic support services, which

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

payment is due semi-annually. The nature of these services does not give rise to contract assets, contract liabilities, or any variable considerations, warranties, or other related obligations. Accounts receivable at June 30, 2023, 2022, and 2021 totaled \$27,455,105, \$42,004,568, and \$4,968,228, respectively.

Functional allocation of expenses: Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Administrative support services and non-student based support services activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are charged directly either to program services, fundraising or administrative support services based on actual time worked in each area. Information technology costs, depreciation, interest expense, and occupancy costs are allocated based on whether the costs are associated with instructional campuses (program services) or with administrative buildings.

Federal income taxes: The School is a nonprofit organization and is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. The School files a Form 990 (Return of Organization Exempt from Income Tax) and, if applicable, unrelated business income (UBI) is reported on a Form 990-T. IPS is a Texas nonprofit corporation. The determination of tax exempt status is pending. Management has evaluated its material tax positions, which include such matters as the tax-exempt status of the School and, if applicable, potential sources of UBI. As of June 30, 2023 and 2022, there were no uncertain tax benefits. No such provision has been made in the accompanying financial statements.

Advertising: The School expenses advertising costs when they are incurred. Advertising costs for the years ended June 30, 2023 and 2022 are \$10,067,259 and \$15,293,827, respectively.

Estimates: Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Subsequent events: The School has evaluated subsequent events that occurred after June 30, 2023, through the date of this report on October 27, 2023, which is the date the financial statements were available for issuance. Any material subsequent events that occurred during this time have been properly recognized or disclosed in the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents consist of the following:

	<u>2023</u>	<u>2022</u>
Petty cash	\$ 301	\$ 301
Checking accounts	152,727,610	189,562,494
Money market mutual funds	<u>177,357,156</u>	<u>168,371,713</u>
Total cash and cash equivalents	<u>\$ 330,085,067</u>	<u>\$ 357,934,508</u>

Cash and cash equivalents held in trust are designated as follows:

	<u>2023</u>	<u>2022</u>
Debt service fund held in trust	\$ 66,613,065	\$ 57,606,856
Construction	<u>41,003,051</u>	<u>87,530,592</u>
Total	107,616,116	145,137,448
Less:		
Current cash and cash equivalents – held in trust	<u>(77,839,675)</u>	<u>(74,435,959)</u>
Total cash and cash equivalents – noncurrent – held in trust	<u>\$ 29,776,441</u>	<u>\$ 70,701,489</u>

The School maintains cash deposits at Regions Bank. At June 30, 2023, the carrying amount of the deposits was \$158,390,998 and the respective bank balance was \$161,439,868. The deposits are insured up to \$250,000 by the FDIC. Additionally, investment securities held by Regions Bank that had a carrying value at June 30, 2023 of \$161,219,838, were pledged as collateral to secure public funds on deposit.

The School maintains proceeds received from the sale of bonds in fiduciary accounts at Regions Bank, Corporate Trust Services, which have bank balances and carrying amounts of \$86,377,019 at June 30, 2023. The Office of the Comptroller of the Currency, Regulation 9, requires that banks collateralize uninvested cash in fiduciary accounts. At June 30, 2023, assets held by Regions Bank were pledged as collateral as a whole for all Regions Bank fiduciary accounts to secure fiduciary funds held in trust.

IPS maintains cash deposits at Regions Bank. At June 30, 2023, the carrying amount of the deposits was \$3,472,023 and the respective bank balance was \$3,678,981, which are insured up to \$250,000 by the FDIC. IPS maintains proceeds received from the sale of bonds in fiduciary accounts at Regions Corporate Trust Services, which have bank balances and carrying amount of \$21,239,100 at June 30, 2023.

The School has not experienced any losses on these accounts, and management believes it is not exposed to any significant credit risk.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments are as follows:

	<u>2023</u>	<u>2022</u>
Investments at fair value:		
U. S. Treasury notes	\$ 7,053,363	\$ 14,344,619
Federal Home Loan Bank Notes	<u>9,310,197</u>	<u>-</u>
Total investments at fair value	16,363,560	14,344,619
Investments at cost – non-negotiable certificates of deposit	<u>25,045,690</u>	<u>25,000,153</u>
Total investments	41,409,250	39,344,772
Less current investments	<u>(32,099,053)</u>	<u>(32,455,444)</u>
Total investments – noncurrent – held in trust	<u>\$ 9,310,197</u>	<u>\$ 6,889,328</u>

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 3 – GOVERNMENT GRANT RECEIVABLES

Amounts due from government agencies consist of the following:

	<u>2023</u>	<u>2022</u>
Texas Department of Education, Texas Education Agency (TEA)	\$ 138,118,794	\$ 149,044,373
U. S. Department of Education passed through TEA	56,736,341	13,556,020
U. S. Department of Education	41,090,273	30,421,978
U. S. Department of Agriculture passed through TEA	8,198,737	902,040
Texas Medicaid and Healthcare Partnership	8,112,466	9,213,035
Florida Department of Education	2,480,225	6,016,004
Universal Service Admin. Co. (USAC) E-Rate Program	2,420,829	1,090,721
Texas Parks and Wildlife Department	<u>55,834</u>	<u>310,907</u>
Total government grant receivables	<u>\$ 257,213,499</u>	<u>\$ 210,555,078</u>

All amounts due from government agencies at June 30, 2023 are expected to be collected in fiscal year 2023-2024.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The School relies on state aid and federal grants and contributions to meet general expenditures related to operations. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities of education, as well as the conduct of services undertaken to support those activities including capital expenditures, to be general expenditures.

As part of the School's liquidity management, it structures its financial assets to be available as its general expenditures and liabilities become due or as additional funding opportunities are presented by maintaining a significant portion of its assets in cash.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 330,085,067	\$ 357,934,508
Investments	41,409,250	39,344,772
Government grants and contributions receivable	261,418,716	219,061,987
Accounts receivable	<u>27,455,105</u>	<u>42,004,568</u>
Total financial assets	660,368,138	658,345,835
Less financial assets not available for general expenditure:		
Contractually-obligated financial assets	(107,616,116)	(145,137,488)
Donor-restricted assets not expected to be satisfied in coming year	<u>(16,579,267)</u>	<u>(39,991,195)</u>
Total financial assets available for general expenditure	<u>\$ 536,172,755</u>	<u>\$ 473,217,152</u>

NOTE 5 – CONTRIBUTIONS RECEIVABLE

The School has unconditional promises to give from philanthropic organizations as follows:

	<u>2023</u>	<u>2022</u>
Contributions receivable	\$ 8,143,938	\$ 12,464,234
Allowance	(3,906,723)	(3,930,722)
Discount at interest rates ranging from 0.18% to 2.99%	<u>(31,998)</u>	<u>(26,603)</u>
Contributions receivable, net	<u>\$ 4,205,217</u>	<u>\$ 8,506,909</u>

Contributions receivable at June 30, 2023 are due as follows:

2024	\$ 5,010,953
2025	2,080,534
2026	1,000,951
2027	<u>51,500</u>
Total	<u>\$ 8,143,938</u>

NOTE 5 – CONTRIBUTIONS RECEIVABLE (continued)

The School has received conditional contributions contingent upon meeting certain criteria specified by donors, such as opening specific schools, starting construction of schools, implementation of specialized curriculum, or meeting enrollment targets. These amounts are not recorded in these financial statements as the conditions have not been met. As of June 30, 2023 and 2022, the amounts of conditional promises to give were approximately \$45,088,000 and \$42,032,000, respectively. Included in refundable advances are amounts received in advance from those conditional promises to give, which totaled \$4,787,074 and \$4,949,822 at June 30, 2023 and 2022, respectively.

As of June 30, 2023, the School has received approximately \$121,000,000 of conditional contributions from various government agencies. The contributions will be recognized as revenue when the conditions, which include performance of allowable activities and incurring allowable expenses, are met. The School is party to other government awards for which the award amount is not specified by the grantor. The School will recognize these grants as qualifying grant expenditures are incurred and/or performance requirements are met.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 188,716,587	\$ 180,630,650
Buildings and leasehold improvements	1,231,534,190	1,210,391,704
Furniture and equipment	38,292,810	38,003,823
Vehicles	29,319,185	11,952,189
Construction in progress	<u>296,333,762</u>	<u>172,596,864</u>
Total	1,784,196,534	1,613,575,230
Less accumulated depreciation and amortization	<u>(291,695,152)</u>	<u>(227,147,204)</u>
Property and equipment, net	<u>\$ 1,492,501,382</u>	<u>\$ 1,386,428,026</u>

Capitalized property and equipment acquired with public funds received by the School constitute public property pursuant to Chapter 12 of the Texas Education Code. At June 30, 2023 and 2022, these assets totaled \$1,521,912,516 and \$1,451,392,118, respectively.

NOTE 7 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is 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. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

NOTE 7 – FAIR VALUE MEASUREMENTS (continued)

Assets measured at fair value at June 30, 2023 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Federal Home Loan				
Bank Notes	\$ -	\$ 9,310,197	\$ -	\$ 9,310,197
U. S. Treasury notes	<u>7,053,363</u>	<u>-</u>	<u>-</u>	<u>7,053,363</u>
Total investments at fair value	7,053,363	9,310,197	-	16,363,560
Cash and cash equivalents:				
Money market mutual funds	<u>177,357,156</u>	<u>-</u>	<u>-</u>	<u>177,357,156</u>
Total assets at fair value	<u>\$ 184,410,519</u>	<u>\$ 9,310,197</u>	<u>\$ -</u>	<u>\$ 193,720,716</u>

Assets measured at fair value at June 30, 2022 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
U. S. Treasury notes	<u>\$ 14,344,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,344,619</u>
Total investments at fair value	14,344,619	-	-	14,344,619
Cash and cash equivalents:				
Money market mutual funds	<u>168,371,713</u>	<u>-</u>	<u>-</u>	<u>168,371,713</u>
Total assets at fair value	<u>\$ 182,716,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,716,332</u>

Valuation methods used for assets measured at fair value are as follows:

- *Federal Home Loan Bank Notes* are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes to calculate fair values.
- *U. S. Treasury notes* are valued using prices obtained from active markets and inter-dealer brokers on a daily basis.
- *Money market mutual funds* are valued at the reported net asset value of shares held.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

NOTE 8 – BONDS PAYABLE

Bonds payable at June 30, 2023 consist of the following:

	OUTSTANDING BALANCE	PREMIUM	ISSUANCE COSTS	TOTAL
Series 2010	\$ 7,555,000	\$ -	\$ (22,737)	\$ 7,532,263
Series 2012	48,590,000	1,318,341	(902,995)	49,005,346
Series 2013	54,425,000	617,713	(972,349)	54,070,364
Series 2014	78,335,000	2,969,123	(1,055,786)	80,248,337
Series 2015	63,170,000	2,323,803	(940,871)	64,552,932
Series 2016 A	98,505,000	12,762,563	(1,207,991)	110,059,572
Series 2016 B	11,770,000	698,118	(377,684)	12,090,434
Series 2017	156,700,000	6,729,230	(2,274,510)	161,154,720
Series 2018	156,770,000	6,746,854	(5,081,697)	158,435,157
Series 2019	206,495,000	17,768,709	(6,922,093)	217,341,616
Series 2021 RMKT	168,630,000	24,333,141	(8,369,904)	184,593,237
Series 2022 A	94,930,000	10,656,805	(1,602,803)	103,984,002
Series 2021 IPS	28,100,000	-	(519,071)	27,580,929
Series 2022 IPS	<u>22,600,000</u>	<u>-</u>	<u>(939,344)</u>	<u>21,660,656</u>
Total	1,196,575,000	86,924,400	(31,189,835)	1,252,309,565
Less current portion	<u>26,255,000</u>	<u>-</u>	<u>-</u>	<u>26,255,000</u>
Net long-term bonds payable	<u>\$1,170,320,000</u>	<u>\$ 86,924,400</u>	<u>\$ (31,189,835)</u>	<u>\$ 1,226,054,565</u>

Bonds payable at June 30, 2022 consist of the following:

	OUTSTANDING BALANCE	PREMIUM	ISSUANCE COSTS	TOTAL
Series 2010	\$ 7,555,000	\$ -	\$ (42,273)	\$ 7,512,727
Series 2012	50,005,000	1,387,124	(950,727)	50,441,397
Series 2013	55,700,000	648,217	(1,020,366)	55,327,851
Series 2014	80,760,000	3,488,479	(1,105,339)	83,143,140
Series 2015	64,600,000	2,685,521	(983,079)	66,302,442
Series 2016 A	98,600,000	13,675,588	(1,259,947)	111,015,641
Series 2016 B	13,295,000	944,403	(393,917)	13,845,486
Series 2017	162,115,000	7,938,123	(2,368,628)	167,684,495
Series 2018	159,840,000	7,598,626	(5,417,407)	162,021,219
Series 2019	210,425,000	19,969,823	(7,367,758)	223,027,065
Series 2021 RMKT	171,555,000	26,265,134	(8,913,966)	188,906,168
Series 2022 A	<u>94,930,000</u>	<u>11,625,430</u>	<u>(1,614,988)</u>	<u>104,940,442</u>
Total	1,169,380,000	96,226,468	(31,438,395)	1,234,168,073
Less current portion	<u>23,505,000</u>	<u>-</u>	<u>-</u>	<u>23,505,000</u>
Net long-term bonds payable	<u>\$1,145,875,000</u>	<u>\$ 96,226,468</u>	<u>\$ (31,438,395)</u>	<u>\$ 1,210,663,073</u>

NOTE 8 – BONDS PAYABLE (continued)

Interest cost, including amortization of debt issuance costs and premium incurred for the years ended June 30, 2023 and 2022, totaled \$61,717,134 and \$45,920,741, respectively, of which \$51,717,814 and \$44,482,483 was expensed and \$1,877,051 and \$1,438,258 was capitalized for the years ended June 30, 2023 and 2022, respectively. The effective interest rate on the bonds for fiscal year 2023 and fiscal year 2022 was 5.22% and 3.36%, respectively.

The Series 2010 Q bonds tax credit interest subsidy was \$623,288 for the years ended June 30, 2023 and 2022, and is reflected in local support, other revenues in the consolidated statements of activities.

<u>BONDS PAYABLE</u>	<u>STATED INTEREST RATE</u>	<u>MATURITY</u>	<u>SUBORDINATE FEATURES</u>
Series 2010A	5.125%-5.750%	Annually August 15, 2020-2024	
Series 2010Q	8.25%	August 15, 2029	
Series 2012	2.15%-5.00%	Annually August 15, 2015-2042	
Series 2013	5.00%-6.00%	Annually August 15, 2015-2043	
Series 2014	2.00%-5.00%	Annually August 15, 2016-2044	Optional redemption in whole or in part by the School on August 15, 2024.
Series 2015	3.00%-5.00%	Annually August 15, 2017-2045	Optional redemption in whole or in part by the School on August 15, 2025.
Series 2016 A	2.00%-5.00%	Annually August 15, 2017-2046	Optional redemption in whole or in part by the School on August 15, 2026.
Series 2016 B	2.00%-5.00%	Annually August 15, 2018-2028	Optional redemption in whole or in part by the School on August 15, 2026.
Series 2017	1.50%-4.00%	Annually August 15, 2020-2048	Optional redemption in whole or in part by the School on August 15, 2027.
Series 2018	3.00%-5.00%	Annually August 15, 2018-2048	Bonds maturing on or after August 15, 2029 are subject to optional redemption in whole or in part by the School on August 15, 2028.
Series 2019	3.00%-5.00%	Annually August 15, 2021-2049	Bonds maturing on or after August 15, 2030 are subject to optional redemption in whole or in part by the School on August 15, 2029.
Series 2021	0.75%-2.80%	Annually August 15, 2022-2050	Bonds maturing on or after August 15, 2031 are subject to optional redemption in whole or in part by the School on August 15, 2030.
Series 2021 RMKT-Term	2.85%-4.00%	\$33,590,000 August 15, 2047; \$7,000,000 August 15, 2047; \$28,410,000 August 15, 2050	
Series 2021 RMKT-Serial	4.00%-5.00%	Annually August 15, 2022-2024	
Series 2021 IPS	4.37%	June 15, 2056	
Series 2022 A - Serial	4.00%-5.00%	Annually August 15, 2023-2042	
Series 2022 A - Term	3.00%-4.00%	\$21,610,000 August 15, 2047; \$13,795,000 August 15, 2051; \$6,750,000 August 15, 2051	
2022 IPS	5.25%	June 15, 2029	

NOTE 8 – BONDS PAYABLE (continued)

The Series 2014, 2015, 2016 A, 2017, 2018, 2019 and 2021 bonds are guaranteed by TEA under the Permanent School Fund Guarantee program.

All of the bond issuances require the School and IPS to maintain a debt reserve fund equal to the maximum annual principal and interest requirements of the respective bond issuance.

Covenants: All bond loan agreements establish a debt service coverage ratio, which stipulates that available revenues for each fiscal year (without excluding any discretionary expense actually incurred in such fiscal year) must be equal to 1.10 times the annual debt service requirements of the School as of the end of the fiscal year after the date of issuance of the bonds and thereafter until the bonds have been paid in full. Management believes the School was in compliance with this covenant and all other applicable covenants contained in the loan agreements during the years ended June 30, 2023 and 2022.

Debt service requirements for bonds payable for the year ended June 30, 2023 are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TAX CREDIT SUBSIDY</u>	<u>TOTAL</u>
2024	\$ 26,255,000	\$ 52,207,963	\$ (623,288)	\$ 77,839,675
2025	27,590,000	50,868,844	(595,444)	77,863,400
2026	29,060,000	49,407,000	(513,975)	77,953,025
2027	31,110,000	47,858,000	(405,075)	78,562,925
2028	32,755,000	46,205,106	(293,081)	78,667,025
Thereafter	<u>1,049,805,000</u>	<u>495,446,251</u>	<u>(237,806)</u>	<u>1,545,013,445</u>
Total bonds payable	<u>\$1,196,575,000</u>	<u>\$ 741,993,164</u>	<u>\$ (2,668,669)</u>	<u>\$ 1,935,899,495</u>

NOTE 9 – NOTES PAYABLE

Notes payable consist of the following:

	<u>2023</u>	<u>2022</u>
A multiple draw term note payable to PNC Bank, in the original amount equal to or less than \$100,000,000; requiring monthly payments of interest; beginning December 14, 2020 at monthly LIBOR plus 1.20% (6.41% at June 30, 2023) until maturity on October 14, 2023. The note is secured by a first and prior lien and security interest on real property securing the Master Indenture of Trust and any other security pledged by the School.	\$ 79,210,377	\$ 66,984,360
A multiple draw term note payable to CLI Capital, in the original amount equal to or less than \$25,000,000; requiring monthly payments of principal and interest; beginning September 1, 2020 at monthly LIBOR plus 1.00% (8.00% at June 30, 2023) until November 2024. This note is secured by a subordinate interest in the corresponding land and School facility.	18,943,548	19,090,529

NOTE 9 – NOTES PAYABLE (continued)

A multiple draw term note payable to CIT Bank, N.A., in the original amount equal to or less than \$18,960,000; requiring monthly principal plus interest installments commencing on October 10, 2021; bearing interest at the greater of 4.90% per annum or the 4.25% (plus) the 5-Year Treasury Rate (4.90% at June 30, 2023). The maturity date is October 31, 2025. This note is secured by a senior and first priority mortgage and Assignment of Rents and Security Agreement and Fixture Filing in favor of Holder, encumbering certain real property located in Louisiana.	17,623,434	18,199,007
A multiple draw term note payable to PNC Bank, National Association, in the original amount equal to or less than \$18,530,521; requiring monthly principal plus interest installments commencing on April 1, 2022; payments of interest every month; beginning November 2020 at monthly LIBOR plus 3.50% (8.60% at June 30, 2023). Matures October 1, 2023. This note is secured by a subordinate interest in the corresponding land and School facility.	16,678,953	16,696,458
A multiple draw term note payable to Regions Commercial Equipment Finance, LLC, in the original amount equal to or less than \$145,000,000; requiring semi-annual payments of interest; beginning August 15, 2017 at monthly LIBOR plus 1.30% until August 15, 2023 (6.30% at June 30, 2023). The note is secured by a first and prior lien and security interest on any real property securing the Master Indenture of Trust and any other security pledged by the School.	7,719,072	29,583,844
A term note payable to Building Hope Finance, in the original amount of \$7,969,479; maturing August 1, 2027; bearing interest at a rate per annum equal to 1.04% paid monthly until the maturity date when the entire amount hereof, principal and accrued interest then remaining unpaid, shall be then due and payable. The note is secured on a subordinate basis by pledged revenues under the Master Indenture of Trust dated as of September 1, 2020.	7,969,479	7,969,479
A multiple draw term note payable to Home Bank, N.A., in the original amount equal to or less than \$11,211,655; requiring monthly payments of interest at a rate equal to 4.25%. The note is secured by a subordinate interest in the corresponding land and School facility. Matures August 1, 2025.	10,864,830	11,100,565

NOTE 9 – NOTES PAYABLE (continued)

A multiple draw term note payable to Regions Capital Advantage, in the original amount equal to or less than \$6,000,000; requiring quarterly payments of interest; bearing interest of 3.48%; maturing July 1, 2029. The note is secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the School.	3,658,537	4,243,902
A term note payable to BlueHub Loan Fund, Inc., in the original amount of \$4,913,034; maturing October 1, 2025; bearing interest at a rate per annum of 6.00%. All accrued and unpaid interest will be payable on the monthly commencing January 15, 2021 until the conversion date of December 15, 2021. Commencing on the conversion date and thereafter, borrower shall pay monthly installments of principal plus interest. One final installment of all outstanding principal and unpaid interest shall be due and payable by the maturity date. This note is secured by a multiple indebtedness mortgage, security agreement and pledge of leases and rents for real property recorded with the mortgage records office in the parish of East Baton Rouge, State of Louisiana.	4,785,764	4,871,613
A term note payable to Building Hope Finance, in the original amount of \$8,155,501; maturing March 1, 2028; bearing interest at a rate per annum equal to 1.09% paid monthly until the maturity date when the entire amount of, principal and accrued interest, shall be then due and payable. This note is secured by pledged revenues under the Master Indenture of Trust dated March 1, 2021.	8,155,501	8,155,501
A term note payable to Charter Fund, Inc., in the original amount of \$2,200,000; with a \$2,200,000; balloon payment at the end of the term, including interest at 1.00% through June 30, 2023 (extension in process). This note is unsecured and subordinate to all other debt obligations of IPS.	2,200,000	2,200,000
A term note payable to BlueHub Loan Fund, Inc., in the original amount of \$2,000,000; maturing April 1, 2026; bearing interest at a rate per annum equal to 6.00%. Borrower shall pay principal plus interest monthly. One final installment of the entire outstanding principal balance and all accrued interest shall be due and payable by the maturity date. This note is secured by a multiple indebtedness mortgage, security agreement and pledge of leases and rents recorded with the Mortgage Records Office in the parish of East Baton Rouge, State of Louisiana, which relates to property located at 1500 North Airway Drive, Baton Rouge, Louisiana.	1,931,751	1,977,174

NOTE 9 – NOTES PAYABLE (continued)

A term note payable to Frost Bank, in the original amount of \$1,600,000; requiring monthly payments of principal and interest at 4.83%, until maturity on February 1, 2027. This loan is unsecured and subordinate to all other debt obligations of the School.	814,795	1,013,534
A term note payable to CSGF Facility Fund III, in the original amount of \$1,800,000; maturing February 28, 2023 (extension in process); with a \$900,000 balloon payment on February 28, 2021 and \$900,000 at the end of the term, including interest at 3.00%. This note is unsecured and subordinate to all other debt obligations of IPS.	900,000	900,000
A multiple draw term note payable to Regions Commercial Equipment Finance, LLC, in the original amount equal to or less than \$40,000,000; requiring monthly payments of interest; at monthly LIBOR plus 1.40% (6.50% at June 30, 2023); maturing August 15, 2023. The note is secured by a first and prior lien and security interest on any real property securing the Master Indenture of Trust and any other security pledge by the School.	40,000,000	10,000,000
A term note payable to Building Hope Finance, in the original amount of \$8,152,777; maturing September 1, 2024; bearing interest at a rate per annum of 1.09% until the maturity date when the entire amount of, principal and accrued interest, shall be due and payable. This note is secured by pledged revenues and the mortgage.	8,152,777	8,152,777
A term note payable to Building Hope Finance, in the original amount of \$7,715,788; maturing April 1, 2029; bearing interest at a rate per annum equal to 1.15%. Principal and interest paid monthly until the maturity date when the entire amount hereof, principal and accrued interest remaining unpaid, shall be then due and payable. This note is secured by pledged revenues and the mortgage dated April 27, 2022.	3,251,408	2,664,601
A term note payable to Building Hope Finance, in the original amount of \$9,280,594; maturing June 1, 2029; bearing interest at a rate per annum equal to 1.23%, principal and interest paid monthly when the entire amount hereof, principal and accrued interest remaining unpaid, shall be then due and payable. This note is secured by pledged revenues and the mortgage dated June 24, 2022.	2,817,539	2,117,514

NOTE 9 – NOTES PAYABLE (continued)

A term note payable to Building Hope Finance, in the original amount of \$8,155,501; maturing May 1, 2028; bearing interest at a rate per annum equal to 1.09% until the maturity date when the entire amount hereof, principal and accrued interest then remaining unpaid, shall be then due and payable. This note is secured by pledged revenues under the Master Indenture of Trust dated July 15, 2021.	8,155,501	8,155,501
A term note payable to Building Hope Finance, in the original amount of \$8,155,501; maturing February 28, 2029; bearing interest at a rate per annum equal to 1.07% until the maturity date when the entire amount hereof, principal and accrued interest, shall be then due and payable. This note is secured by pledged revenues under the Master Indenture of Trust dated February 28, 2022.	1,580,089	1,469,406
A multiple draw term note payable to CLI Capital, in the original amount equal to or less than \$18,600,000; maturing December 1, 2026. The note shall bear interest at a rate of prime rate plus 1.00%; however, no less than 5.50% nor more than 8.00% on unpaid principal. On November 1, 2023, all unpaid accrued interest was capitalized and added to the loan balance. Beginning December 1, 2023, monthly principal and interest payments will be payable and continue until December 1, 2026 when the entire balance of principal and interest is payable in full.	382,032	382,032
A term note payable to PNC Bank, National Association, in the original amount of \$17,308,316; maturing July 1, 2024. The outstanding and unpaid principal amount of the note shall bear interest at a rate per annum equal to LIBOR plus 350 basis points (8.60% at June 30, 2023) and shall be paid each payment date until July 1, 2024. This note is secured under the Master Indenture of Trust and Security agreement dated March 1, 2021.	14,944,224	3,311,281
A term note payable to Central Bank & Trust Co., in the original amount of \$16,912,500; maturing October 15, 2027. Borrower shall make payments of interest only at a rate of 4.25% per annum. The outstanding principal and all accrued but unpaid interest thereon shall be due on the maturity date. This note is secured by a commercial mortgage and assignment of leases and rent and fixture filing from borrower on certain real property held in Hamilton County, Ohio.	16,371,733	12,615,799

NOTE 9 – NOTES PAYABLE (continued)

<p>A term note payable to BlueHub Loan Fund, Inc., in the original amount of \$11,000,000; maturing July 30, 2027; bearing interest at a rate per annum equal to 6.00%. All accrued and unpaid interest will be payable monthly commencing November 1, 2021 until March 15, 2023. Commencing on March 15, 2023 and thereafter, borrower shall pay principal plus interest. One final installment of the entire outstanding principal balance and all accrued interest shall be due and payable by the maturity date. This note is secured on a subordinate basis by a commercial mortgage and assignment of leases and rent and fixture filing from borrower on certain real property held in Hamilton County, Ohio.</p>	10,955,815	8,463,050
<p>A term note payable to Home Bank, NA, in the original amount of \$745,630; maturing September 29, 2028; bearing interest at 5.00% monthly payments of principal and interest. This note is secured by collateral.</p>	583,167	677,734
<p>A term note payable to Home Bank, NA, in the original amount of \$22,539; maturing October 18, 2028; requiring monthly payments of principal and interest, including interest at 5.00% and continuing until the note is paid in full. This note is secured by collateral.</p>	17,874	20,725
<p>A multiple draw term note payable to Texas Capital Bank, in the original amount equal to, or less than, \$32,000,000 during the draw period; requiring quarterly payments of interest year; beginning March 30, 2023, and continuing regularly and quarterly thereafter at SOFR + 1.35% (6.44% at June 30, 2023) maturing June 30, 2025. The note is secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned.</p>	32,000,000	-
<p>A term loan to Regions Commercial Equipment, LLC, in the original amount of \$1,105,000; requiring monthly payments in the amount of \$14,636, including interest at 3.07% through maturity in July 2023; secured by the corresponding buses acquired.</p>	14,116	-
<p>A term loan to Regions Commercial Equipment, LLC, in the original amount of \$2,952,500; requiring monthly payments in the amount of \$29,809, including interest at 3.94% through maturity in September 2026; secured by the corresponding portable buildings acquired.</p>	1,089,502	-
<p>A term loan to Regions Commercial Equipment, LLC, in the original amount of \$382,500; requiring semi-annual payments of principal and interest; bearing interest at 3.85% through maturity in August 2024; secured by corresponding buses acquired.</p>	116,634	-

NOTE 9 – NOTES PAYABLE (continued)

A term loan to Regions Commercial Equipment, LLC, in the original amount of \$1,490,700; requiring monthly payments in the amount of \$16,112, including interest at 5.41% through maturity in June 2028; secured by the corresponding buses acquired.	845,326	-
A term loan to Regions Commercial Equipment, LLC, in the original amount of \$1,173,000; requiring semi-annual payments of principal and interest; bearing interest at 3.42% through maturity in August 2026; secured by the corresponding buses acquired.	622,452	-
A term loan to Regions Commercial Equipment, LLC, in the original amount of \$223,629; requiring semi-annual payments of principal and interest; bearing interest at 2.98% through maturity in February 2025; secured by the corresponding buses acquired.	93,570	-
A term loan to Regions Commercial Equipment, LLC, in the original amount of \$1,147,582; requiring semi-annual payments of principal and interest; bearing interest at 2.77% through maturity in February 2025; secured by corresponding buses acquired.	445,871	-
A term loan to Regions Commercial Equipment, LLC, in the original amount of \$342,683; requiring semi-annual payments of principal and interest; bearing interest at 1.67% through maturity in August 2025; secured by the corresponding buses acquired.	175,052	-
A term loan to Regions Commercial Equipment, LLC, in the original amount of \$2,475,000; requiring semi-annual payments of principal and interest; bearing interest at 1.93% through maturity in August 2027; secured by the corresponding buses acquired.	1,629,680	-
A term loan to Regions Commercial Equipment, LLC, in the original amount of \$2,928,935; requiring semi-annual payments of principal and interest; bearing interest at 2.62% through maturity in August 2028; secured by the corresponding buses acquired.	2,511,386	-
A term loan to Regions Commercial Equipment, LLC, in the original amount of \$319,576; requiring semi-annual payments of principal and interest; bearing interest at 2.24% through maturity in August 2026; secured by corresponding buses acquired.	251,433	-
A term loan to Regions Commercial Equipment, LLC, in the original amount of \$33,345; requiring semi-annual payments of principal and interest; bearing interest at 4.66% through maturity in February 2027; secured by the corresponding buses acquired.	28,483	-

NOTE 9 – NOTES PAYABLE (continued)

A term loan to Regions Commercial Equipment, LLC, in the original amount of \$2,164,960; requiring semi-annual payments of principal and interest; bearing interest at 4.55% through maturity in February 2029; secured by corresponding buses acquired.	1,895,167	-
A term loan to Regions Commercial Equipment, LLC, in the original amount of \$221,235; requiring semi-annual payments of principal and interest; bearing interest at 4.31% through maturity in August 2027; secured by corresponding buses acquired.	201,279	-
A term note payable to Charter Asset Management Fund LP in the original amount of \$3,000,000; maturing August 31, 2024 at the interest rate of prime rate plus 3.20% (11.45% at June 30, 2023). Principal of \$8,000 plus interest due monthly beginning July 2023.	3,000,000	-
A term note payable to PNC Bank, National Association, in the original amount of \$14,841,833; maturing March 1, 2024; the outstanding and unpaid principal shall bear interest at a rate per annum equal to LIBOR plus 4.50% (8.60% at June 30, 2023). Principal plus interest shall be due and payable in monthly installments until March 1, 2024. This note is secured under the Master Indenture and Security Agreement dated March 1, 2021.	14,733,556	7,501,071
A purchase agreement payable to Regions Commercial Equipment Finance entered as of August 1, 2018 for 14 buses in the amount of \$704,800; maturing August 1, 2025, with an interest rate per annum of 5.41%. Principal and interest payments due monthly.	246,290	-
A purchase agreement payable to Regions Commercial Equipment Finance entered as of July 22, 2019 for 9 buses in the amount of \$486,900; maturing August 15, 2026, with an interest rate of 4.17%. Semi-annual principal and interest payments.	261,598	-
A purchase agreement payable to Regions Commercial Equipment Finance entered as of August 30, 2019 for 1 bus in the amount of \$52,000, maturing September 15, 2026, with an interest rate of 3.70%. Principal and interest payments due monthly.	27,415	-
A purchase agreement payable to Regions Commercial Equipment Finance entered into as of January 6, 2020 for 2 buses in the amount of \$90,000, maturing January 1, 2027, with an interest rate of 4.02%. Principal and interest payments due monthly	49,224	-
A purchase agreement payable to Regions Commercial Equipment Finance entered into as of July 30, 2020 for 2 vans in the amount of \$50,000, maturing August 1, 2025, with an interest rate of 2.48%. Principal and interest payments due monthly.	22,466	-

NOTE 9 – NOTES PAYABLE (continued)

A purchase agreement payable to Regions Commercial Equipment Finance entered as of December 10, 2019 in the amount of \$300,000, maturing October 1, 2027, with an interest rate of 2.77%. Principal and interest payments due monthly.	212,017	-
A purchase agreement payable to Regions Commercial Equipment Finance entered into as of July 28, 2022 for 2 buses in the amount of \$255,550, maturing August 1, 2029, with an interest rate of 5.17%. Principal and interest payments due monthly.	229,923	-
A purchase agreement payable to Regions Commercial Equipment Finance entered into as of July 29, 2022 for 2 buses in the amount of \$255,500, maturing August 1, 2019, with an interest rate of 5.17%. Principal and interest payments due monthly.	229,923	-
A purchase agreement payable to Regions Commercial Equipment Finance entered into as of July 22, 2022 for a pickup truck in the amount of \$59,630, maturing August 1, 2027, with an interest rate of 5.32%.	49,827	-
A purchase agreement payable to Regions Commercial Equipment Finance entered into as of July 22, 2022 for 12 passenger buses in the amount of \$719,580, maturing July 1, 2029, with an interest rate of 5.38%. Principal and interest payments due monthly.	639,753	-
A purchase agreement payable to Regions Commercial Equipment Finance entered in 2022 for 9 passenger buses in the amount of \$625,095, maturing July 1, 2029, with an interest rate of 5.38%. Principal and interest payments due monthly.	555,747	-
A term note payable for the purpose of acquiring, constructing, equipping and improving educational facilities located in Jacksonville, Florida in the amount of \$9,280,594 with a maturity date of June 15, 2029. IPS shall make quarterly principal payments and monthly interest payments. Interest on amounts outstanding will be payable monthly at a rate of 1.31% per annum.	9,280,594	-
A term note payable to Equitable Facilities Fund, Inc., in the original amount of \$17,500,000; maturing November 1, 2050 and interest and principal payable in monthly installments on each payment date starting November 1, 2022. Interest on amounts outstanding will be payable at a rate of 4.70% per annum.	16,771,319	-

NOTE 9 – NOTES PAYABLE (continued)

A term note payable to Regions Commercial Equipment Finance, in the amount of \$750,000 maturing September 1, 2027 with a 5.83% per annum rate. Interest paid monthly, commencing October 1, 2023 until September 1, 2027.

750,000 -

A multiple draw term note payable to CLI Capital, in the original amount equal to or less than \$18,400,000; maturing January 18, 2027. The note shall bear interest at prime rate plus 1% per annum 8% at June 30, 2023. The purpose of this loan is to finance the purchase, construction, renovation and equipment of certain educational facilities located at Lenox Avenue and Lane Avenue in the City of Jacksonville, Florida. The note is secured by any mortgage, rents, or other security interest upon the property owned.

	<u>2,782,418</u>	<u>2,782,420</u>
Total	380,430,221	261,299,877
Less current portion	(121,559,784)	(56,237,583)
Less debt issuance costs	<u>(1,781,446)</u>	<u>(2,795,102)</u>
Total notes payable – long-term	<u>\$ 257,088,991</u>	<u>\$ 202,267,192</u>

The future minimum payments for notes payable as of June 30, 2023 are as follows:

2024	\$ 121,559,784
2025	130,790,742
2026	39,173,860
2027	9,415,102
2028	21,218,569
Thereafter	<u>58,272,164</u>
Total	<u>\$ 380,430,221</u>

Interest cost, including amortization of debt issuance costs, incurred for the years ended June 30, 2023 and 2022 totaled \$7,695,729 and \$6,678,586, respectively, of which \$11,505,982 and \$4,872,674 was expensed and \$2,728,065 and \$1,805,912 was capitalized for the years ended June 30, 2023 and 2022, respectively.

NOTE 10 – LEASES

The School has 335 operating leases for office space and storage facilities, laptops, copiers, musical instruments, water dispensers, postage meters, and GPS trackers. The School has 6 finance leases for buildings and portable buildings, gym flooring, and vehicles.

The School evaluated its lease portfolio and did not identify any residual value guarantees related to its leases. Additionally, the School determined that it would not exercise the renewal options on copier leases. The office and storage facility leases contain renewal options which were evaluated individually in regard to the likelihood of renewal.

NOTE 10 – LEASES (continued)

The following table shows the components of lease cost for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 31,307	\$ 2,245,573
Interest on lease liabilities	892	342,599
Operating lease cost	5,668,751	19,984,257
Short-term lease cost	191,188	148,752
Variable lease cost	32,920	3,587,954
Sublease income	<u>-</u>	<u>(273,294)</u>
Total lease cost	<u>\$ 5,925,058</u>	<u>\$ 26,035,841</u>

Other information for leases:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for finance leases	\$892	\$342,599
Operating cash flows for operating leases	\$5,673,738	\$20,051,888
Financing cash flows for finance leases	\$32,028	\$1,911,130

The following table provides the weighted-average term and discount rates for both operating and finance leases outstanding as of June 30, 2023 and 2022:

<u>2023</u>	<u>OPERATING</u>	<u>FINANCE</u>
Weighted-average remaining lease term	1.48 years	1.29 years
Weighted-average discount rate	2.74%	2.64%
<u>2022</u>	<u>OPERATING</u>	<u>FINANCE</u>
Weighted-average remaining lease term	2.16 years	4.48 years
Weighted-average discount rate	2.27%	3.51%

Reconciliation of the undiscounted cash flows related to operating and finance leases to the discounted amount reported in the statement of financial position as of June 30, 2023:

<u>UNDISCOUNTED CASH FLOWS DUE</u>	<u>FINANCE</u>	<u>OPERATING</u>
2024	\$ 32,919	\$ 5,767,119
2025	19,832	3,668,980
2026	5,704	1,163,621
2027	-	213,360
2028	<u>-</u>	<u>126,370</u>
Total undiscounted cash flows	58,455	10,939,450
Less present value discount	<u>(1,293)</u>	<u>(310,934)</u>
Total present value of lease liabilities	<u>\$ 57,162</u>	<u>\$ 10,628,516</u>

NOTE 11 – NONFINANCIAL CONTRIBUTIONS

The School recognized the following nonfinancial contributions:

CONTRIBUTED NONFINANCIAL ASSETS	MONETIZED OR UTILIZED IN PROGRAMS/ACTIVITIES	DONOR RESTRICTIONS	VALUATION TECHNIQUES AND INPUTS	2023	2022
Food commodities	Provided to students.	Federal program.	Value provided by USDA.	\$1,131,942	\$1,766,214
Other donated goods	Utilized for fundraising events.	None.	Fair value estimated using the donor's selling price or retail value.	35,500	66,682
Other donated goods	Utilized for construction.	None.	Fair value estimated on current rates for similar services.	5,450	30,343
Land	Utilized for future campus site.	Cannot be used for any purpose except for educational advancement and uses ancillary thereto for a period of 20 years.	Fair value estimated using a realtor appraisal.	-	1,173,000
Other donated goods	Utilized for El Paso Back to School Bash.	None.	Fair value estimated using the donor's selling price or retail value.	-	6,323
School supplies	Utilized in classrooms.	None.	Fair value estimated using retail value.	-	1,040
Total contributed nonfinancial assets				<u>\$1,172,892</u>	<u>\$3,043,602</u>

NOTE 12 – NET ASSETS WITHOUT DONOR RESTRICTIONS

At June 30, 2023, the School had a deficit in net assets without donor restrictions. The deficit is the result of excess expenses over revenues from unrestricted operating sources and earning lower than anticipated revenues in IPS. The School anticipates reducing the overall deficit in fiscal year 2023-2024.

NOTE 12 – NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)

In accordance with the School’s net asset policy, the Board of Directors may designate surpluses of net assets for a specific purpose, generally for capital campaigns, future programs, long-term investment contingencies, real property acquisitions, construction services or other uses. Expenditures of board-designated funds must be in accordance with the adopted budget or by approval of the Finance Committee.

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Foundation School Program – charter school activities	\$ 306,653,999	\$ 294,296,235
Child Nutrition Program	22,537,852	22,527,610
Permian Basin Region	14,714,859	20,300,580
Accelerate Great Schools – Ohio Region	8,096,525	6,836,211
Fort Worth Region	7,444,430	8,147,602
Campus Activity Funds	2,895,341	2,748,726
Houston Region	2,454,680	3,068,534
Cameron County	1,783,723	941,519
College Matriculation	1,470,658	477,259
Austin Region	1,388,662	2,194,215
Expansion	1,017,298	1,017,289
Healthy Kids Here	746,514	295,550
Camp Rio	408,583	405,606
Rio Grande Valley	358,923	475,895
Carver Campus	271,581	409,200
San Antonio Region	192,934	34,636
Achieve Sustainability Project	168,701	178,776
Area of Greatest Need	100,070	1,048,908
Farm to School Learning Hub	56,606	-
Teacher Retention	50,000	50,000
Advocacy Program	40,868	51,085
Health Professions	-	90,472
El Paso Region	-	39,759
Additional Days of School	-	-
Other	<u>98,411</u>	<u>104,907</u>
Total subject to expenditure for specified purpose	372,951,218	365,740,574
Endowment subject to spending policy	<u>384,806</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 373,336,024</u>	<u>\$ 365,740,574</u>

NOTE 14 – ENDOWMENT

In 2023, IDEA established a donor-restricted endowment fund to provide scholarship opportunities for students graduating high school from IDEA Public Schools and attending a college or university.

Changes in donor-restricted endowment funds are as follows:

	WITH DONOR RESTRICTIONS		TOTAL
	ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	
Endowment net assets, June 30, 2022	\$ -	\$ -	\$ -
Contributions	-	385,510	385,510
Net investment return	(704)	-	(704)
Endowment net assets, June 30, 2023	<u>\$ (704)</u>	<u>\$ 385,510</u>	<u>\$ 384,806</u>

Donor-restricted endorsement funds are maintained in accordance with explicit donor stipulations and are subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA). TUPMIFA provides guidelines about what constitutes prudent spending and explicitly requires consideration of preservation of the fund. The Board of Directors has interpreted the TUPMIFA as requiring a focus on the entirety of donor-restricted endowment funds, including original gift amounts and net appreciation, allowing for the prudent uses, benefits, purposes, and duration for which the fund was established, subject to explicit donor stipulations.

As a result of this interpretation, the School classifies contributions to an endowment plus any donor-stipulated accumulations as *net assets with donor restrictions* required to be maintained in perpetuity. This amount is not reduced by investment losses or by appropriation and spending. The portion of the endowment not required to be maintained in perpetuity is also classified as *net assets with donor restrictions* until appropriated in accordance with spending policies and used for the stipulated purpose, if any.

An endowment fund is *underwater* if the fair value of the fund’s investments falls below the amount required to be maintained in perpetuity because of declines in the fair value of investments and/or continued appropriation and spending in accordance with prudent spending. At June 30, 2023, there was a deficit of \$704.

Investment Policy

The endowment assets are maintained in investment accounts, which are managed by independent investment managers. The Endowment Committee is developing an investment policy to be approved by the Board of Directors for investment composition and objectives.

Spending Policy

Annually, the Endowment Committee shall recommend to the Board of Directors, the distributions to be made from the endowment fund, taking into consideration the investment growth of the fund over the previous year, the new gifts added to the fund, the distributions previously made, the need for distributions and such other factors as the Endowment Committee deems relevant. There is no obligation to make distributions from the endowment fund in any given year.

NOTE 15 – GOVERNMENT GRANTS

IDEA is party to agreements with government agencies. Should these agreements not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Sources of significant government revenue recognized include the following:

	<u>2023</u>	<u>2022</u>
State grants:		
Foundation School Program	\$ 777,894,817	\$ 706,251,431
State of Florida – School of Hope	24,875,482	17,943,798
Other	<u>5,707,909</u>	<u>8,237,438</u>
Total state grants	<u>808,478,208</u>	<u>732,432,667</u>
Federal grants:		
U. S. Department of Education	98,474,149	125,673,615
U. S. Department of Agriculture	86,469,370	62,574,308
U. S. Department of Health and Human Services	1,151,054	600,721
Title XIX – School Health and Related Services	<u>7,888,050</u>	<u>11,666,175</u>
Total federal grants	<u>193,982,623</u>	<u>200,514,819</u>
Total state and federal grants	<u>\$ 1,002,460,831</u>	<u>\$ 932,947,486</u>

The grants from government funding sources require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by the School with the terms of the contracts.

As a condition of the federal awards received from the U. S. Department of Education, IDEA engaged an independent audit firm to conduct a program-specific audit and an examination of internal controls for the 2016 through 2021 fiscal years. As a result of the program specific audit and discussion with the U. S. Department of Education, the School has recognized a payable to the U. S. Department of Education of \$28 million to repay costs deemed unallowable for lack of appropriate documentation. IDEA expects the amount is sufficient to satisfy its liability to the U. S. Department of Education.

NOTE 16 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Performance obligations from contracts with customers are satisfied over time, other than food service fees, which are satisfied at a point in time. Revenue recognized over time is recognized ratably as services are rendered over the term of the agreement using the output method. Food service fees are recognized as meals are provided to students. The employee leasing and management fees are derived from agreements with other charter schools in Baton Rouge and New Orleans, Louisiana, and Tampa Bay, Florida. Academic support, shared service and food service fees are derived from customers in Texas. The revenue is included in management fees and other revenue in the statement of activities.

NOTE 16 – REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

The following table disaggregates the School's revenue based on the timing of satisfaction of performance obligations for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Performance obligations satisfied over time:		
Management fees	\$ 69,752,345	\$ 48,466,307
Other	<u>98,541</u>	<u>157,108</u>
Total	69,850,886	48,623,415
Performance obligations satisfied at a point in time:		
Food service fees	<u>4,605,040</u>	<u>2,759,837</u>
Total revenue from contracts with customers	<u>\$ 74,455,926</u>	<u>\$ 51,383,252</u>

The performance obligations related to the employee leasing services are transferred to the customer over time and the revenue is recognized on the basis of reimbursement of actual costs incurred by IPS. Management and shared services fees, academic support fees, and food service fee revenue are recognized on the basis of negotiated contracts for these goods and services.

NOTE 17 – RETIREMENT PLANS

Multiemployer pension plan: IDEA's eligible full-time employees participate in the Teacher Retirement System of Texas (TRS), a public employee retirement system. TRS is a cost-sharing, multiemployer, defined benefit pension plan. All risks and costs are not shared by the School, but are the liability of the State of Texas.

Funding policy: Plan members contributed 8.0% and 7.7% of their annual covered salary in 2023 and 2022, respectively. IDEA contributes 7.75% (7.50% in 2022) for new members the first 90 days of employment, and the State of Texas contributes 7.75% (7.50% in 2022). Additionally, IDEA makes a 1.7% (1.6% in 2022) public education employer payment for all TRS eligible employees, and a 0.75% TRS Care payment for all TRS eligible retirees. IDEA's contributions do not represent more than 5% of the TRS' total contributions. For 2023 and 2022, the School contributed approximately \$30,589,000 and \$26,683,000, respectively, to TRS. There have been no significant changes that affected the comparability of the 2023 and 2022 contributions.

The risks of participating in a multiemployer, defined benefit plan are different from single-employer plans because (a) amounts contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers and (b) if an employer stops contributing to TRS, unfunded obligations of TRS may be required to be borne by the remaining employers. There is no withdrawal penalty for leaving TRS.

Total TRS plan assets as of the most recent fiscal years ended for TRS of August 31, 2022 and 2021 were \$207.6 billion and \$223.2 billion, respectively. Accumulated benefit obligations as of August 31, 2022 and 2021 were \$243.6 billion and \$227.3 billion, respectively. The plan was 79.0% funded at August 31, 2022 and 79.1% funded at August 31, 2021.

NOTE 17 – RETIREMENT PLANS (continued)

Supplemental retirement payments: The School offers a voluntary section 403(b) plan for all employees to make elective contributions to the plan. The School is not required to match any employee contributions and made no matching contributions for the years June 30, 2023 and 2022.

The School has adopted an employer-paid section 403(b) plan for eligible employees in top management positions to make elective contributions to this plan. The School provides a 1-to-1 match on employee contributions up to 10% of the employee's annual salary. Employer contributions to the plan totaled \$1,409,606 and \$1,020,203 for the years ended June 30, 2023 and 2022, respectively.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

At June 30, 2023, IDEA had outstanding construction commitments related to the construction of School facilities in the amount of approximately \$28.5 million.

At the discretion of the Board of Directors, IDEA engaged an independent audit firm to conduct agreed-upon procedures relating to philanthropic awards recognized in fiscal years prior to the fiscal year ended June 30, 2022. While it is possible that a loss could result from these procedures, at this time, management has no information indicating it is probable that a loss has been incurred as of June 30, 2023 and no amount of potential loss can be reasonably estimated at this time.

In fiscal year 2020, Accelerated Greater Schools (AGS) awarded IPS Enterprises, Inc. a conditional contribution of \$37,500,000. For a period of at least twenty (20) years after the final disbursement of the grant (the Term) the grantee shall operate six open-enrollment, tuition-free charter campuses in Cincinnati. In accordance with the agreement, if at any time during the Term an event of default occurs, AGS has the right to send written notice to IDEA within 120 days of such event of default exercising its option to purchase each campus funded with proceeds from this grant (the Property).

If during the Term of the agreement, IDEA receives a bona fide third-party offer to purchase all or any part of the Property on terms that are acceptable to IDEA, in IDEA's sole discretion, within five business days after IDEA's receipt of the offer, IDEA shall notify AGS in writing of the terms of the offer. AGS shall have 30 days to notify IDEA that AGS elects to purchase the Property on the same terms as the offer.

IDEA Public Schools

Consolidating Statement of Financial Position as of June 30, 2023

	IDEA CHARTER	MISD IN-DISTRICT CHARTER	ELIMINATIONS	TOTAL IDEA PUBLIC SCHOOLS, INC.	IPS ENTERPRISES, INC.	ELIMINATIONS	TOTAL
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 217,070,319	\$ 1,551,799	\$ -	\$ 218,622,118	\$ 3,472,027	\$ -	\$ 222,094,145
Cash and cash equivalents – held in trust	75,423,800	-	-	75,423,800	2,415,875	-	77,839,675
Government grant receivables	253,295,724	771,673	-	254,067,397	3,146,102	-	257,213,499
Contributions receivable, net	2,371,357	-	-	2,371,357	-	-	2,371,357
Accounts receivable	237,866	30,116	-	267,982	27,187,123	-	27,455,105
Intercompany receivables	1,067,676	364,295	-	1,431,971	-	(1,431,971)	-
Investments – operating	32,099,053	-	-	32,099,053	-	-	32,099,053
Prepaid expenses	4,224,814	-	-	4,224,814	1,526,971	-	5,751,785
Other current assets	841,047	9,118	-	850,165	535,000	-	1,385,165
Total current assets	586,631,656	2,727,001	-	589,358,657	38,283,098	(1,431,971)	626,209,784
Fixed assets:							
ROU asset – operating leases	10,447,385	169,973	-	10,617,358	-	-	10,617,358
ROU asset – finance leases, net	55,257	-	-	55,257	-	-	55,257
Property and equipment, net	1,260,868,441	1,792,671	-	1,262,661,112	229,840,270	-	1,492,501,382
Total fixed assets	1,271,371,083	1,962,644	-	1,273,333,727	229,840,270	-	1,503,173,997
Other noncurrent assets:							
Cash and cash equivalents – held in trust	10,953,216	-	-	10,953,216	18,823,225	-	29,776,441
Contributions receivable, net	1,833,860	-	-	1,833,860	-	-	1,833,860
Investments – held in trust	9,310,197	-	-	9,310,197	-	-	9,310,197
Investments – held for endowment	374,806	-	-	374,806	-	-	374,806
Total other noncurrent assets	22,472,079	-	-	22,472,079	18,823,225	-	41,295,304
TOTAL ASSETS	\$ 1,880,474,818	\$ 4,689,645	\$ -	\$ 1,885,164,463	\$ 286,946,593	\$ (1,431,971)	\$ 2,170,679,085

(continued)

IDEA Public Schools

Consolidating Statement of Financial Position as of June 30, 2023

(continued)

	IDEA CHARTER	MISD IN-DISTRICT CHARTER	ELIMINATIONS	TOTAL IDEA PUBLIC SCHOOLS, INC.	IPS ENTERPRISES, INC.	ELIMINATIONS	TOTAL
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable	\$ 10,621,112	\$ 164,925	\$ -	\$ 10,786,037	\$ 5,532,018	\$ -	\$ 16,318,055
Accrued wages, benefits, and taxes	51,929,366	490,826	-	52,420,192	1,500,693	-	53,920,885
Accrued interest payable	21,530,384	-	-	21,530,384	802,859	-	22,333,243
Accrued expenses	9,285,860	146,704	-	9,432,564	12,989,670	-	22,422,234
Refundable advances	4,786,844	230	-	4,787,074	434,939	-	5,222,013
Intercompany payables	-	-	-	-	1,431,971	(1,431,971)	-
Other liabilities	2,496,056	-	-	2,496,056	5,314,846	-	7,810,902
Due to U. S. Department of Education	28,000,000	-	-	28,000,000	-	-	28,000,000
Bonds payable – current portion	26,255,000	-	-	26,255,000	-	-	26,255,000
Notes payable – current portion	83,170,326	32,871	-	83,203,197	38,356,587	-	121,559,784
Operating leases payable – current portion	5,477,434	91,358	-	5,568,792	-	-	5,568,792
Finance leases payable – current portion	32,028	-	-	32,028	-	-	32,028
Total current liabilities	243,584,410	926,914	-	244,511,324	66,363,583	(1,431,971)	309,442,936
Long-term liabilities:							
Bonds payable, net	1,176,812,981	-	-	1,176,812,981	49,241,584	-	1,226,054,565
Notes payable, net	90,119,538	-	-	90,119,538	167,335,902	-	257,455,440
Operating leases payable	4,981,078	78,646	-	5,059,724	-	-	5,059,724
Finance leases payable	25,134	-	-	25,134	-	-	25,134
Total long-term liabilities	1,271,938,731	78,646	-	1,272,017,377	216,577,486	-	1,488,594,863
Net assets:							
Without donor restrictions	558,351	2,861,117	-	3,419,468	(4,114,206)	-	(694,738)
With donor restrictions	364,393,326	822,968	-	365,216,294	8,119,730	-	373,336,024
Total net assets	364,951,677	3,684,085	-	368,635,762	4,005,524	-	372,641,286
TOTAL LIABILITIES AND NET ASSETS	\$1,880,474,818	\$ 4,689,645	\$ -	\$1,885,164,463	\$ 286,946,593	\$ (1,431,971)	\$2,170,679,085

IDEA Public Schools

Consolidating Statement of Activities for the year ended June 30, 2023

	IDEA CHARTER	MISD IN-DISTRICT CHARTER	IPS ENTERPRISES, INC.	TOTAL
REVENUE AND OTHER SUPPORT:				
Local support:				
Grants – cash and financial assets	\$ 3,314,188	\$ -	\$ 6,133,142	\$ 9,447,330
Grant reversions	(4,221,414)	-	-	(4,221,414)
Contributions	1,658,579	4,188	228,230	1,890,997
Contributions of nonfinancial assets	40,745	-	255	41,000
Management fees	-	9,605,637	60,146,708	69,752,345
Rental income	-	-	14,810,625	14,810,625
Net investment return	3,996,591	-	642,205	4,638,796
Other revenue	<u>9,964,181</u>	<u>100,780</u>	<u>872</u>	<u>10,065,833</u>
Total local support	<u>14,752,870</u>	<u>9,710,605</u>	<u>81,962,037</u>	<u>106,425,512</u>
State program revenue:				
Foundation School Program	777,894,817	-	-	777,894,817
Other state aid	<u>5,707,909</u>	-	<u>24,875,482</u>	<u>30,583,391</u>
Total state program revenue	<u>783,602,726</u>	-	<u>24,875,482</u>	<u>808,478,208</u>
Federal program revenue:				
ESEA Title I – Part A	14,013,166	189,154	-	14,202,320
ESEA Title II – Part A Teacher/ Principal Training	149,769	-	-	149,769
ESEA Title III – Part A Language Acquisition	2,337,556	-	-	2,337,556
TCLAS High Quality After School	191,662	-	-	191,662
IDEA B Formula – Special Education	8,266,219	-	-	8,266,219
IDEA B Preschool – Special Education	37,820	-	-	37,820
Corona Relief Fund – Part B Charter Schools	8,448,784	-	-	8,448,784
Teacher Incentive Fund	500,136	-	-	500,136
Lone Star STEM Cycle 2 Year 1	15,351	-	-	15,351
ELC Reopening Schools	1,151,054	-	-	1,151,054
ARP Homeless II	14,927	-	-	14,927
Twenty-First Century Community Learning Centers	1,197,011	-	-	1,197,011
Education Innovation and Research	803,692	-	215,494	1,019,186
ESEA Title IV – Part A	6,206	-	-	6,206
Elementary and Secondary School Emergency Relief Fund	171,245	45,490	-	216,735
Elementary and Secondary School Emergency Relief Fund II	31,347,166	537,031	-	31,884,197
Elementary and Secondary School Emergency Relief Fund III	29,002,076	-	-	29,002,076
Child Nutrition	85,731,787	1,021,586	-	86,753,373
IDEA Comprehensive Health Professions SSA, Title XIX – School Health and Related Services	<u>700,194</u>	-	-	<u>700,194</u>
	<u>7,888,047</u>	-	-	<u>7,888,047</u>
Total federal program revenue	<u>191,973,868</u>	<u>1,793,261</u>	<u>215,494</u>	<u>193,982,623</u>
Total revenue and other support	<u>990,329,464</u>	<u>11,503,866</u>	<u>107,053,013</u>	<u>1,108,886,343</u>

(continued)

IDEA Public Schools

Consolidating Statement of Activities for the year ended June 30, 2023

(continued)

	IDEA CHARTER	MISD IN-DISTRICT CHARTER	IPS ENTERPRISES, INC.	TOTAL
EXPENSES:				
Program services:				
Instructional and instructional- related services	\$ 499,454,675	\$ 5,875,028	\$ 33,143,208	\$ 538,472,911
Instructional and school leadership	132,200,810	1,485,697	14,215,114	147,901,621
Support services – student (pupil)	175,973,021	1,112,947	11,186,118	188,272,086
Support services – nonstudent based	78,329,101	705,275	8,854,444	87,888,820
Ancillary services	<u>1,445,735</u>	<u>8,956</u>	<u>29,986,977</u>	<u>31,441,668</u>
Total program services	<u>887,403,342</u>	<u>9,187,903</u>	<u>97,385,861</u>	<u>993,977,106</u>
Support services:				
Administrative support services	46,782,186	5,487	6,937,572	53,725,245
Support services – nonstudent based	20,223,339	72	1,027,115	21,250,526
Fundraising	<u>2,269,625</u>	<u>23,673</u>	<u>220,154</u>	<u>2,513,452</u>
Total support services	<u>69,275,150</u>	<u>29,232</u>	<u>8,184,841</u>	<u>77,489,223</u>
Total expenses	<u>956,678,492</u>	<u>9,217,135</u>	<u>105,570,702</u>	<u>1,071,466,329</u>
OTHER INCREASES (DECREASES) IN NET ASSETS:				
Gain on disposal of assets	207	-	52,374	52,581
Realized gains on investments	109,487	-	-	109,487
Unrealized gains on investments	<u>481,208</u>	<u>-</u>	<u>-</u>	<u>481,208</u>
Change in net assets before repayment of grant funds	34,241,874	2,286,731	1,534,685	38,063,290
Repayment of grant funds to U. S. Department of Education	<u>(28,000,000)</u>	<u>-</u>	<u>-</u>	<u>(28,000,000)</u>
CHANGE IN NET ASSETS	6,241,874	2,286,731	1,534,685	10,063,290
Net assets, beginning of year	<u>358,709,803</u>	<u>1,397,354</u>	<u>2,470,839</u>	<u>362,577,996</u>
Net assets, end of year	<u>\$ 364,951,677</u>	<u>\$ 3,684,085</u>	<u>\$ 4,005,524</u>	<u>\$ 372,641,286</u>

IDEA Public Schools

Consolidating Statement of Cash Flows for the year ended June 30, 2023

	IDEA CHARTER	MISD IN-DISTRICT CHARTER	IPS ENTERPRISES INC.	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 6,241,874	\$ 2,286,731	\$ 1,534,685	\$ 10,063,290
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation and amortization	59,173,734	237,580	6,158,849	65,570,163
Amortization of premium and debt issuance costs	(7,460,278)	-	694,327	(6,765,951)
Allowance for doubtful accounts	353,806	-	-	353,806
Unrealized loss on investments	(590,695)	-	-	(590,695)
Loss on disposal of property and equipment	-	65,841	-	65,841
Changes in current assets and liabilities:				
Government grant receivables	(49,207,032)	(771,673)	3,320,284	(46,658,421)
Contributions receivable	3,941,771	359,921	-	4,301,692
Accounts receivable	2,958,100	(28,116)	(3,975,921)	(1,045,937)
Prepaid expenses	(1,353,225)	-	(514,722)	(1,867,947)
Other current assets	(7,624)	(4,219)	(365,000)	(376,843)
Accounts payable	(28,893,149)	(38,132)	(3,757,248)	(32,688,529)
Accrued wages, benefits, and taxes	(18,352,570)	(283,367)	(1,344,570)	(19,980,507)
Accrued interest payable	(81,079)	-	172,027	90,948
Accrued expenses	2,002,582	74,139	9,759,863	11,836,584
Refundable advances	(162,953)	205	434,939	272,191
Intercompany receivable/payable	3,989,272	(1,019,318)	(2,969,954)	-
Other liabilities	2,743,572	-	(12,219,532)	(9,475,960)
Due to U. S. Department of Education	28,000,000	-	-	28,000,000
Operating lease liabilities	(6,301,876)	(158,187)	-	(6,460,063)
Net cash provided by operating activities	<u>(3,005,770)</u>	<u>721,405</u>	<u>(3,071,973)</u>	<u>(5,356,338)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Construction and purchase of property and equipment	(70,154,345)	(535,578)	-	(70,689,923)
Cash received in acquisition of companies	-	-	21,950,254	21,950,254
Purchase of certificates of deposit	(69,112,343)	-	-	(69,112,343)
Proceeds from maturity of certificates of deposit	69,066,807	-	-	69,066,807
Purchases of investments	(24,000,000)	-	-	(24,000,000)
Proceeds from sale of investments	22,571,753	-	-	22,571,753
Investment in notes receivable from graduates	(353,806)	-	-	(353,806)
Net cash used by investing activities	<u>(71,981,934)</u>	<u>(535,578)</u>	<u>21,950,254</u>	<u>(50,567,258)</u>

(continued)

IDEA Public Schools

Consolidating Statement of Cash Flows for the year ended June 30, 2023

(continued)

	IDEA CHARTER	MISD IN-DISTRICT CHARTER	IPS ENTERPRISES, INC.	TOTAL
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from borrowings of long-term debt	\$ 282,114,439	\$ 32,871	\$ 5,168,202	\$ 287,315,512
Principal payments on long-term debt	(254,005,854)	(75,689)	(2,582,757)	(256,664,300)
Payments on finance leases	<u>(2,573,752)</u>	<u>-</u>	<u>(3,305)</u>	<u>(2,577,057)</u>
Net cash provided (used) by financing activities	<u>25,534,833</u>	<u>(42,818)</u>	<u>2,582,140</u>	<u>28,074,155</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(49,452,871)	143,009	21,460,421	(27,849,441)
Cash and cash equivalents, beginning of year	<u>353,275,012</u>	<u>1,408,790</u>	<u>3,250,706</u>	<u>357,934,508</u>
Cash and cash equivalents, end of year	<u>\$ 303,822,141</u>	<u>\$ 1,551,799</u>	<u>\$ 24,711,127</u>	<u>\$ 330,085,067</u>
<i>Reconciliation of cash and cash equivalents:</i>				
Cash and cash equivalents	\$ 217,070,316	\$ 1,551,799	\$ 3,472,027	\$ 222,094,142
Cash and cash equivalents – held in trust	75,423,800	-	2,415,875	77,839,675
Cash and cash equivalents – noncurrent – held in trust	10,953,219	-	18,823,225	29,776,444
Cash and cash equivalents – held for endowment	<u>374,806</u>	<u>-</u>	<u>-</u>	<u>374,806</u>
Total cash and cash equivalents	<u>\$ 303,822,141</u>	<u>\$ 1,551,799</u>	<u>\$ 24,711,127</u>	<u>\$ 330,085,067</u>
<i>Supplemental disclosure of cash flow information:</i>				
Cash paid for interest	\$55,161,820	\$1,771	\$8,107,762	\$63,271,353
Right-of-use assets obtained in exchange for new lease obligations:				
Operating lease obligations	\$8,640,146	\$160,744	-	\$8,800,890
Finance lease obligations	\$2,453,505	-	-	\$2,453,505

IDEA Public Schools

Schedule of Activities for Individual Charter School for the years ended June 30, 2023 and 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2023 TOTAL	2022 TOTAL
REVENUE AND OTHER SUPPORT:				
Local support:				
5730 Tuition and fees	\$ -	\$ -	\$ -	\$ 123,456
5740 Other revenue from local sources	(49,599)	14,455,966	14,406,367	27,200,080
5750 Other revenue from other activities	<u>-</u>	<u>346,503</u>	<u>346,503</u>	<u>349,344</u>
Total local support	<u>(49,599)</u>	<u>14,802,469</u>	<u>14,752,870</u>	<u>27,672,880</u>
State program revenue:				
5810 Foundation School Program Act revenue	-	777,894,817	777,894,817	706,251,431
5820 State program revenue distributed by the Texas Education Agency	-	5,707,367	5,707,367	8,237,438
5830 State revenues – other agencies	<u>-</u>	<u>542</u>	<u>542</u>	<u>-</u>
Total state program revenue	<u>-</u>	<u>783,602,726</u>	<u>783,602,726</u>	<u>714,488,869</u>
Federal program revenue:				
5920 Federal revenue distributed by the Texas Education Agency	-	172,279,081	172,279,081	168,178,464
5930 Federal revenue distributed by other State of Texas government agencies	-	8,172,047	8,172,047	13,346,170
5940 Federal revenue distributed directly from the federal government	<u>-</u>	<u>11,522,740</u>	<u>11,522,740</u>	<u>17,775,797</u>
Total federal program revenue	<u>-</u>	<u>191,973,868</u>	<u>191,973,868</u>	<u>199,300,431</u>
Net assets released for purpose restrictions	<u>956,655,182</u>	<u>(956,655,182)</u>	<u>-</u>	<u>-</u>
Total revenue and other support	<u>956,605,583</u>	<u>33,723,881</u>	<u>990,329,464</u>	<u>941,462,180</u>

(continued)

IDEA Public Schools

Schedule of Activities for Individual Charter School for the years ended June 30, 2023 and 2022 *(continued)*

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2023 TOTAL	2022 TOTAL
EXPENSES:				
11 Instruction	\$ 446,738,895	\$ -	\$ 446,738,895	\$ 392,572,602
12 Instructional resources and media services	5,749,063	-	5,749,063	4,588,037
13 Curriculum and instructional staff development	2,636,147	-	2,636,147	5,911,182
21 Instructional leadership	44,085,021	-	44,085,021	30,309,351
23 School leadership	88,115,865	-	88,115,865	91,933,153
31 Guidance, counseling and evaluation services	37,154,450	-	37,154,450	34,429,974
32 Social work services	2,407,720	-	2,407,720	2,377,473
33 Health services	7,136,814	-	7,136,814	6,859,518
34 Student (pupil) transportation	35,695,326	-	35,695,326	30,909,995
35 Food services	81,720,030	-	81,720,030	71,793,424
36 Cocurricular/extracurricular activities	11,869,922	-	11,869,922	10,699,601
41 General administration	44,364,964	-	44,364,964	51,346,689
51 Plant maintenance and operations	67,711,722	-	67,711,722	96,431,796
52 Security and monitoring services	6,199,707	-	6,199,707	5,538,501
53 Data processing services	24,641,058	-	24,641,058	19,918,586
61 Community services	1,445,781	-	1,445,781	1,731,655
71 Debt service	46,757,363	-	46,757,363	40,325,395
81 Fundraising	<u>2,248,644</u>	-	<u>2,248,644</u>	<u>8,444,670</u>
Total expenses	<u>956,678,492</u>	-	<u>956,678,492</u>	<u>906,121,602</u>
Gain on loss disposal of assets	207	-	207	(37,960)
Realized gains on investments	-	109,487	109,487	-
Unrealized gains on investments	-	<u>481,208</u>	<u>481,208</u>	<u>(523,475)</u>
Change in net assets before repayment of grant funds	(72,702)	34,314,576	34,241,874	34,779,143
Repayment of grant funds to U. S. Department of Education	-	(28,000,000)	(28,000,000)	-
CHANGE IN NET ASSETS	(72,702)	6,314,576	6,241,874	34,779,143
Net assets, beginning of year	<u>631,053</u>	<u>358,078,750</u>	<u>358,709,803</u>	<u>323,930,660</u>
Net assets, end of year	<u>\$ 558,351</u>	<u>\$ 364,393,326</u>	<u>\$ 364,951,677</u>	<u>\$ 358,709,803</u>

IDEA Public Schools

Schedule of Expenses for Individual Charter School for the years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Expenses:		
6100 Payroll costs	\$ 635,871,017	\$ 597,133,212
6200 Professional and contracted services	89,364,402	104,063,509
6300 Supplies and materials	110,959,249	92,250,529
6400 Other operating costs	73,726,475	72,373,027
6500 Debt	<u>46,757,349</u>	<u>40,301,325</u>
Total expenses	<u>\$ 956,678,492</u>	<u>\$ 906,121,602</u>

IDEA Public Schools

Schedule of Assets for Individual Charter School for the year ended June 30, 2023

ASSET CLASSIFICATION	OWNERSHIP INTEREST			TOTAL
	LOCAL	STATE	FEDERAL	
Cash	\$ 146,278,336	\$ 242,124,167	\$ (58,317,436)	\$ 330,085,067
Property and equipment:				
1510 Land and improvements	23,789	157,836,449	18,900	157,879,138
1520 Building and improvements	223,962	1,148,343,100	32,929	1,148,599,991
1531 Vehicles	113,970	24,784,537	210,697	25,109,204
1539 Furniture and equipment	53,518	22,871,744	15,121,205	38,046,467
1580 Construction in progress	1,149,036	167,872,102	1,996,888	171,018,026
Total property and equipment	-	-	-	1,540,652,826
Accumulated depreciation	-	-	-	(279,784,385)
Property and equipment, net	-	-	-	\$ 1,260,868,441
Finance leases:				
1551 Building	-	-	-	\$ -
1558 Vehicles	-	93,000	-	93,000
1559 Equipment	-	109,679	-	109,679
Total Right-of-use asset	-	-	-	202,679
Accumulated amortization	-	-	-	(147,422)
Right-of-use asset – finance leases, net	-	-	-	\$ 55,257
Total	\$ 147,842,611	\$ 1,764,034,778	\$ (40,936,817)	

IDEA Public Schools

Charter #108807

Use of Funds Report – Select State Allotment Programs for the year ended June 30, 2023

Section A: Compensatory Education Programs	Responses
Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
Does the LEA have written policies and procedures for its state compensatory education program?	Yes
List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$100,807,719
List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$45,640,373
Section B: Bilingual Education Programs	Responses
Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
Does the LEA have written policies and procedures for its bilingual education program?	Yes
List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$17,071,690
List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$9,389,430

IDEA Public Schools

Schedule of Related Party Transactions for the year ended June 30, 2023

<u>RELATED PARTY NAME</u>	<u>NAME OF RELATION TO THE RELATED PARTY</u>	<u>RELATIONSHIP</u>	<u>TYPE OF TRANSACTION</u>	<u>DESCRIPTION OF TERMS AND CONDITIONS</u>	<u>SOURCE OF FUNDS USED</u>	<u>PAYMENT FREQUENCY</u>	<u>TOTAL PAID DURING FISCAL YEAR</u>	<u>PRINCIPAL BALANCE DUE</u>
Security Max	Nora Eliz Perez	Brother	EFT	None	State/Local	Various	\$ 60,916	\$ -
GT Goldsport	Radha Guajardo	Spouse	Check	None	State/Local	Various	<u>5,467</u>	<u>-</u>
Total							<u>\$ 66,383</u>	<u>\$ -</u>

IDEA Public Schools

Schedule of Related Party Compensation and Benefits for the year ended June 30, 2023

<u>RELATED PARTY NAME</u>	<u>NAME OF RELATION TO THE RELATED PARTY</u>	<u>RELATIONSHIP</u>	<u>COMPENSATION OR BENEFIT</u>	<u>PAYMENT FREQUENCY</u>	<u>DESCRIPTION</u>	<u>SOURCE OF FUNDS USED</u>	<u>TOTAL PAID DURING FISCAL YEAR</u>
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None

IDEA Public Schools

Budgetary Comparison Schedule for Individual Charter School for the year ended June 30, 2023

	BUDGETED AMOUNTS		VARIANCE WITH ORIGINAL BUDGET	NOTE	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	NOTE
	ORIGINAL	FINAL					
REVENUE:							
Local support:							
5740 Other revenue from local sources	\$ 15,876,747	\$ 14,179,051	\$ (1,697,696)	(1)	14,406,367	227,316	
5750 Other revenue from other activities	<u>173,250</u>	<u>346,504</u>	<u>173,254</u>	(2)	<u>346,503</u>	<u>(1)</u>	
Total local support	<u>16,049,997</u>	<u>14,525,555</u>	<u>(1,524,442)</u>		<u>14,752,870</u>	<u>227,315</u>	
State program revenue:							
5810 Foundation School Program Act revenue	787,211,620	773,047,099	(14,164,521)		777,894,817	4,847,718	
5820 State program revenue distributed by the Texas Education Agency	7,747,856	5,707,367	(2,040,489)	(3)	5,707,367		
5830 State revenues – other agencies	<u>547</u>	<u>547</u>	<u>547</u>		<u>542</u>	<u>(5)</u>	
Total state program revenue	<u>794,959,476</u>	<u>778,755,013</u>	<u>(16,204,463)</u>		<u>783,602,726</u>	<u>4,847,713</u>	
Federal program revenue:							
5920 Federal revenue distributed by the Texas Education Agency	230,163,809	172,297,502	(57,866,307)	(4)	172,279,081	(18,421)	
5930 Federal revenue distributed by other State of Texas government agencies	10,043,000	8,172,047	(1,870,953)	(5)	8,172,047		
5940 Federal revenue distributed directly from the federal government	<u>36,109,147</u>	<u>11,522,738</u>	<u>(24,586,409)</u>	(6)	<u>11,522,740</u>	<u>2</u>	
Total federal program revenue	<u>276,315,956</u>	<u>191,992,287</u>	<u>(84,323,669)</u>		<u>191,973,868</u>	<u>(18,419)</u>	
Total revenue	<u>1,087,325,429</u>	<u>985,272,855</u>	<u>(102,052,574)</u>		<u>990,329,464</u>	<u>5,056,609</u>	

(continued)

IDEA Public Schools

Budgetary Comparison Schedule for Individual Charter School for the year ended June 30, 2023

(continued)

	BUDGETED AMOUNTS		VARIANCE WITH ORIGINAL BUDGET	NOTE	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	NOTE
	ORIGINAL	FINAL					
EXPENSES:							
11 Instruction	\$ 407,478,479	\$ 426,122,549	\$ 18,644,070		\$ 446,738,895	\$ 20,616,346	
12 Instructional resources and media services	13,760,775	5,749,064	(8,011,711)	(7)	5,749,063	(1)	
13 Curriculum and instructional staff development	5,269,891	2,460,133	(2,809,758)	(8)	2,636,147	176,014	
21 Instructional leadership	75,503,126	44,059,554	(31,443,572)	(9)	44,085,021	25,467	
23 School leadership	85,707,806	96,333,171	10,625,365	(10)	88,115,865	(8,217,306)	
31 Guidance, counseling and evaluation services	48,723,072	37,127,780	(11,595,292)	(11)	37,154,450	26,670	
32 Social work services	3,235,264	2,407,729	(827,535)	(12)	2,407,720	(9)	
33 Health services	8,599,368	7,148,760	(1,450,608)	(13)	7,136,814	(11,946)	
34 Student (pupil) transportation	42,155,777	35,708,192	(6,447,585)	(14)	35,695,326	(12,866)	
35 Food services	94,259,128	86,268,775	(7,990,353)		81,720,030	(4,548,745)	
36 Cocurricular/extracurricular Activities	10,597,859	11,857,801	1,259,942	(15)	11,869,922	12,121	
41 General administration	70,022,271	45,919,200	(24,103,071)	(16)	44,364,964	(1,554,236)	
51 Plant maintenance and Operations	100,872,503	68,103,050	(32,769,453)	(17)	67,711,722	(391,328)	
52 Security and monitoring services	3,442,769	6,199,550	2,756,781	(18)	6,199,707	157	
53 Data processing services	41,032,671	25,120,181	(15,912,490)	(19)	24,641,058	(479,123)	
61 Community services	1,493,900	1,445,735	(48,165)		1,445,781	46	
71 Debt service	42,369,731	46,757,349	4,387,618	(20)	46,757,363	14	
81 Fundraising	<u>5,636,571</u>	<u>2,315,892</u>	<u>(3,320,679)</u>	(21)	<u>2,248,644</u>	<u>(67,248)</u>	
Total expenses	<u>1,060,160,961</u>	<u>951,104,465</u>	<u>(109,056,496)</u>		<u>956,678,492</u>	<u>5,574,027</u>	

(continued)

IDEA Public Schools

Budgetary Comparison Schedule for Individual Charter School for the year ended June 30, 2023

(continued)

	BUDGETED AMOUNTS		VARIANCE WITH ORIGINAL BUDGET	NOTE	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	NOTE
	ORIGINAL	FINAL					
Gain on disposal of assets	-	-	-		207	207	
Realized and unrealized gain on investments	-	-	-		<u>590,695</u>	<u>590,695</u>	(22)
Change in net assets before repayment of grant funds	27,164,468	34,168,390	7,003,922		34,241,874	73,484	
Return of grant funds to U. S. Department of Education	-	-	-		<u>(28,000,000)</u>	<u>(28,000,000)</u>	(23)
CHANGE IN NET ASSETS	27,164,468	34,168,390	7,003,922		6,241,874	(27,926,516)	
Net assets, beginning of year	<u>358,709,803</u>	<u>358,709,803</u>	-		<u>358,709,803</u>	-	
Net assets, end of year	<u>\$385,874,271</u>	<u>\$392,878,193</u>	<u>\$ 7,003,922</u>		<u>\$364,951,677</u>	<u>\$(27,926,516)</u>	

IDEA Public Schools

Budgetary Variance Explanations for the year ended June 30, 2023 (unaudited)

- (1) Slowing philanthropic participation resulting in decreasing expectations in final budget.
 - (2) Increased student/local fundraising expectations.
 - (3) Change in estimates of State of Texas special grants.
 - (4) Change in estimates of federal title funds received through state.
 - (5) Change in estimates of SHARS funds and other funding.
 - (6) Change in estimate of expansion and other fund entitlements.
 - (7) Expenses reduced to match reduction of revenue estimates.
 - (8) Expenses reduced to match reduction of revenue estimates.
 - (9) Expenses reduced to match reduction of revenue estimates.
 - (10) Expenses reduced to match reduction of revenue estimates.
 - (11) Expenses reduced to match reduction of revenue estimates.
 - (12) Expenses reduced to match reduction of revenue estimates.
 - (13) Expenses reduced to match reduction of revenue estimates.
 - (14) Expenses reduced to match reduction of revenue estimates.
 - (15) Expanded after school expenses due increase of ESSER funds.
 - (16) Expenses reduced to match reduced revenue estimate.
 - (17) Expenses reduced to match reduction of revenue estimate.
 - (18) Response to current safety concerns.
 - (19) Expenses reduced to match reduction of revenue estimate.
 - (20) Increasing rates and balances with increased working capital needs.
 - (21) Expenses reduced to match reduction of revenue estimate.
 - (22) Realized and unrealized gains on investments are not budgeted due to changing market conditions.
 - (23) The return of grant funds to the U. S. Department of Education were not budgeted.
-

IDEA Public Schools

Schedule of Real Property Ownership Interest for the year ended June 30, 2023 (unaudited)

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST		
			LOCAL	STATE	FEDERAL
IDEA Public Schools Block A Lot 1 Hatcher SA Survey Abstract 1792 Tract 1B03	1900 Thomas Rd., Haltom City, TX 76117	\$ 28,832,048	\$ -	\$ 28,832,048	\$ -
Seminary Twin Drive-in Theatre Lot 1R	3621 NW Loop 820, Fort Worth, TX 76106	706,161	-	706,161	-
IPS Addition Block 4 Lot 1	2935 E. Seminary Dr., Fort Worth, TX 76119	22,964,695	-	22,964,695	-
Anderson, J R Addition Block 1 Lot 1	3000 Cherry Lane, Fort Worth, TX 76116	23,647,466	-	23,647,466	-
Emilia Subdivision Blk 23, 0.643 Acres out of 1.659 Acres	1640 Altamesa Blvd., Fort Worth, TX 76134	38,656,412	-	38,656,412	-
Lot 34 Blk 6 Citrus Gardens Subdivision 1 (Vol 8 pg 5) 1.190	205 Railroad St., Brownsville, TX 78520	9,259	-	9,259	-
Lot 34 Blk 6 Citrus Gardens Subdivision 1 (Vol 8 pg 5) 0.6860 Acres	36298 Chachalaca Bend, Los Fresnos, TX 78566	307,970	-	307,970	-
Lot 34 Blk 6 Citrus Gardens Subdivision 1 (Vol 8 pg 5) 0.984 Acres	36270 Chachalaca Bend, Los Fresnos, TX 78566	90,152	-	90,152	-
Lot 34 Blk 6 Citrus Gardens Subdivision 1 (Vol 8 pg 5) 3.380 Acres	36298 Chachalaca Bend, Los Fresnos, TX 78566	29,520	-	29,520	-
Lot 34 Blk 6 Citrus Gardens Subdivision 1 (Vol 8 pg 5) 8.070 Acres Resaca Pt	36298 Chachalaca Bend, Los Fresnos, TX 78566	383,437	-	383,437	-
Lot 34 Blk 6 Citrus Gardens Subdivision 1 (Vol 8 pg 5) N 4.5050 Acres	36298 Chachalaca Bend, Los Fresnos, TX 78566	46,593	-	46,593	-
Lot 34 Blk 6 Citrus Gardens Subdivision 1 (Vol 8 pg 5) 2.50 Acres	36298 Chachalaca Bend, Los Fresnos, TX 78566	211,782	-	211,782	-
Citrus Gardens Subdivision No 4 Sec 3 Lots 19, 17.8300 Acres, .5 miles north on tract 43	36298 Chachalaca Bend, Los Fresnos, TX 78566	174,164	-	174,164	-
		82,018	-	82,018	-

(continued)

IDEA Public Schools

Schedule of Real Property Ownership Interest for the year ended June 30, 2023 (unaudited)

(continued)

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST		
			LOCAL	STATE	FEDERAL
Citrus Gardens Subdivision No 3 Sec 3 Lot 20 Tract 43 Rd	36298 Chachalaca Bend, Los Fresnos, TX 78566	\$ 43,424	\$ -	\$ 43,424	\$ -
El Jardin Resubdivision W 21.00 Acres of E 42 Acres of Lot 8 BLK 104	6200 Dockberry Rd., Brownsville, TX 78521	218,918	-	218,918	-
El Jardin Resubdivision 19.7682 Acres of E 42 Acres of Lot 8 BLK 104	2800 S. Dakota Ave., Brownsville, TX 78521	251,004	-	251,004	-
Abst 2 - Palo Alto Gr 1, 1.1612 Acres out of 18.09 Acres of Block 40	1000 Sports Park Blvd., Brownsville, TX 78526	4,645	-	4,645	-
Abst 2 - Unsubdivided Share 12 Tract A-1 Acres 85.7	280 Fish Hatchery Rd., Brownsville, TX 78520	819,400	-	819,400	-
Survey - Petersburg BLK 2 E .500 Acres of 37.110 Acres	3301 Wilson Rd., Harlingen, TX 78552	86,880	-	86,880	-
Survey - Petersburg BLK 2 E 36,610 Acres of 37.110 Acres	24240 Wilson Rd., Harlingen, TX 78552	8,858,751	-	8,858,751	-
Lot 34 Blk 6 Citrus Gardens Subdivision 1 (Vol 8 pg 5) 1.640 Acres	36298 Chachalaca Bend, Los Fresnos, TX 78566	49,200	-	49,200	-
Lot 1 IDEA Academy San Benito Subdivision (2011 C1-3034 B Filed 7/23/10)	2151 Russell Lane, San Benito, TX 78586	1,531,846	-	1,531,846	-
Lot 1 Blk 1 IDEA Academy Sports Park Subdivision (2021 Subd Plat C1-4056 & 4057 CCMR Filed 8/14/20)	6650 Old Alice Rd., Brownsville, TX 78526	2,880,795	-	2,880,795	-
Espiritu Santo Grant Share 22, 20.00 Acres out of 100.366 Acres out of 173.7 Acres Survey 34	4395 Paredes Line Rd., Brownsville, TX 78526	6,284,921	-	6,284,921	-
PT Reserve A University Plaza Subdivision PH (c1-2788B CCMR Files 3-14-07), 20.3 Acres	30 Palm Blvd., Brownsville, TX 78520	12,083,639	-	12,083,639	-

(continued)

IDEA Public Schools

Schedule of Real Property Ownership Interest for the year ended June 30, 2023 (unaudited)

(continued)

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST		
			LOCAL	STATE	FEDERAL
Lot 1 Blk IDEA Academy Robindale Subdivision (2019 Plat C1-3731 & 3732 CCMR Filed 6/8/2018) 11.73 Acres in Sec 1 Blk 39 T25	3802 Ruben M. Torres, Brownsville, TX 78521	\$ 8,920,878	\$ -	\$ 8,920,878	\$ -
Tahoe Lakes Addition TRS 2B & 2J Abst 1515 WCRR CO Sec 6 Blk 4	Lamesa Rd & I-20, Midland, TX 79701	2,044,190	-	2,044,190	-
RES A Blk Crosby IDEA School	2010 Spears Rd., Houston, TX 77067	12,623,526	-	12,623,526	-
Lot 1-2 Bluestein PARK PHS 1	5627 S. Lake Houston Pky., Houston, TX 77049	1,944,520	-	1,944,520	-
Lot 1 K/N Subdivision	5816 Wilcab Rd., Austin, TX 78721	27,900,075	-	27,900,075	-
Abs A0397 Hunt M, 4. Acres	9504 N. IH. Hwy. 35, San Antonio, TX 78753	9,365,646	-	9,365,646	-
Abs 397 Survey 88 Hunt M, Acres 9.050	1438 E. Yager Lane, Austin, TX 78753	1,126,824	-	1,126,824	-
IDEA Pflugerville	1438 E. Yager Lane, Austin, TX 78753	1,971,090	-	1,971,090	-
Lot 4 Bluestein Park PHS 1	1901 Wells Branch Pky., Pflugerville, TX 78660	3,669,896	-	3,669,896	-
Lot 3 Bluestein Park PHS 1	3708 Bluestein Dr., Austin, TX 78721	136,995	-	136,995	-
15.0176 Acres of Lot 1 Blk A IDEA School at Rundberg-Showplace	3702 Bluestein Dr., Austin, TX 78721	146,908	-	146,908	-
9.3622 Acres of Lot Blk A Riverside Vargas	700 Showplace Lane, Austin, TX 78753	4,638,315	-	4,638,315	-
Lot 1 Texas Twenty #2 Subdivision	1701 Vargas Rd., Austin, TX 78741	26,369,894	-	26,369,894	-
4.8336 Acres of Lot 2A Easton Park Sec 1B Amended	1700 E. Slaughter Lane, Austin, TX 78747	19,904,596	-	19,904,596	-
Lot 1 Blk A IDEA - Yager Academy	7325 McKinney Falls Pky., Austin, TX 78744	315,827	-	315,827	-
6.3094 Acres of Lot 1A Easton Park Section 1B Amended	1438 E. Yager Lane, Austin, TX 78753	2,840,112	-	2,840,112	-
Lot 1 Blk A IDEA Greenlawn Subdivision- (9.8985 Acres in Travis County)(1-D-1)	7325 McKinney Falls Pky., Austin, TX 78744	1,099,350	-	1,099,350	-
55 Ysleta Track 8-B (2.00 Acres)	3301 Greenlawn Blvd., Round Rock, TX 78664	3,401,718	-	3,401,718	-
Blk 1 Rio Vista School Lot 1	9050 Escobar Dr., El Paso, TX 79907	19,000	-	19,000	-
	210 N. Rio Vista Rd., Socorro, TX 79927	21,462,683	-	21,462,683	-

(continued)

IDEA Public Schools

Schedule of Real Property Ownership Interest for the year ended June 30, 2023 (unaudited)

(continued)

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST		
			LOCAL	STATE	FEDERAL
Blk 1 Wallenberg #1 Lot 1	405 Wallenberg Dr., El Paso, TX 79912	\$ 4,775,686	\$ -	\$ 4,775,686	\$ -
Blk 1 Tierra Del Este #88 Lot 1 (School Site)	15101 Edgemere Blvd., El Paso, TX 79938	17,135,504	-	17,135,504	-
Blk 22 Horizon Town Center #3 Lot 29	201 Horizon Crossing St., Horizon City, TX 79928	15,747,456	-	15,747,456	-
Blk 56 Mesquite Hills #10 Lot 1	11881 Dyer St., El Paso, TX 79934	1,317,751	-	1,317,751	-
55 Ysleta 5-C-2 (0.1240 Acres) & 6-C-2 (0.5903 Acres) (0.7143 Acres)	9050 Escobar Dr., El Paso, TX 79907	6,786	-	6,786	-
55 Ysleta Track 7-C-2 (10.4857 Acres)	9050 Escobar Dr., El Paso, TX 79907	99,614	-	99,614	-
55 Ysleta 5-C-3 (0.3914 Acres) 0 & 6-C-3 (1.2726 Acres)	9050 Escobar Dr., El Paso, TX 79907	144,968	-	144,968	-
55 Ysleta TR 7-C-3 (2.4552 Acres)	9050 Escobar Dr., El Paso, TX 79907	64,169	-	64,169	-
Caledonian Estates Unit No. 2 All Lot 26, E429.09' Lot 27 & S589.40' Lots 34 & 35 27.52 Acres GR 26.28 Acres	3300 E. Texas Rd., Edinburg, TX 78542	480,240	-	480,240	-
Caledonian Estates Unit No. 2 E7.00 Acres Lot 30 6.82 Acres Net	3300 E. Texas Rd., Edinburg, TX 78542	122,760	-	122,760	-
Valley Orchards S11.58 Acres Lot F & S11.11 Acres Lot G 21.80 Acres Net	401 S. 1 ST St., Donna, TX 78537	5,971,203	-	5,971,203	-
Alsbury, Hanson Survey Abstract 31 Tract3A01C & TR 4B	NE Renfro Street, Burleson, TX 76028	3,166,752	-	3,166,752	-
West Tract AN Irr Tract 19.52 Acres FT 152 EXC 8.64 Acres N540'-E700' 10.88 Acres Net	2321 W. Pike Blvd., Weslaco, TX 78596	489,600	-	489,600	-
Steel Horse Industrial Park Lot 11	5802 N. Gumwood St., Pharr, TX 78577	196,557	-	196,557	-
RGV Professional Center Condominiums (2 ND AMND) Building B Unit 8	505 Angelita Dr., Suite 8, Weslaco, TX 78599	441,303	-	441,303	-
RGV Professional Center Condominiums (2 ND AMND) Building B Unit 9	505 Angelita Dr., Suite 9, Weslaco, TX 78599	446,207	-	446,207	-

(continued)

IDEA Public Schools

Schedule of Real Property Ownership Interest for the year ended June 30, 2023 (unaudited)

(continued)

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST		
			LOCAL	STATE	FEDERAL
RGV Professional Center Condominiums (2 ND AMND) Building B Unit 10	505 Angelita Dr., Suite 10, Weslaco, TX 78599	\$ 449,677	\$ -	\$ 449,677	\$ -
RGV Professional Center Condominiums (2 ND AMND) Building B Unit 11	505 Angelita Dr., Suite 11, Weslaco, TX 78599	323,935	-	323,935	-
IDEA Public School Lot 1	1600 S. Schuerbach, Mission, TX 78572	7,268,975	-	7,268,975	-
IDEA San Juan Lot 1	600 W. Sioux Rd., San Juan, TX 78589	12,174,549	-	12,174,549	-
IDEA Public Schools - McAllen Lot 1	201 N. Bentsen Rd., McAllen, TX 78501	11,348,607	-	11,348,607	-
IDEA Quest Lot 1	14001 Russell Rd., Edinburg, TX 78541	10,291,028	-	10,291,028	-
IDEA Public School Weslaco Lot 1	1000 E. Pike Blvd., Weslaco, TX 78596	13,489,698	-	13,489,698	-
IDEA Public School Headquarters Lot 1	2115 W. Pike Blvd., Weslaco, TX 78596	6,400,444	-	6,400,444	-
IDEA Public School Holland Lot 1	2706 N. Holland Ave., Mission, TX 78574	10,573,622	-	10,573,622	-
IDEA Tres Lagos	5200 Tres Lagos Blvd., McAllen, TX 78504	13,597,560	-	13,597,560	-
IDEA North Pharr Lot 1	1000 E. Owassa Rd., Pharr, TX 78577	13,265,630	-	13,265,630	-
IDEA Public School Elsa Lot 1	411 S. Fannin St., Elsa, TX 78543	19,319,708	-	19,319,708	-
Hidalgo Canal Co - VV An Irr Tract N808.30'-E1251.79' Lot 1 Blk 2 18.49 Acres GR 18.15 Acres Net	Arena Drive, Hidalgo, TX 78557 (empty lot)	416,610	-	416,610	-
IDEA Public Schools South McAllen Lot 1	5400 S. Ware Rd., McAllen, TX 78503	21,820,681	-	21,820,681	-
IDEA - Palmview an Irr 24.95 Acres Tract-S1326.74' Lot 1 23.63 Acres Net	4100 N. Schuerbach Rd., Mission, TX 78572	13,201,300	-	13,201,300	-
IDEA Toros Lot 1	3300 E. Texas Rd., Edinburg, TX 78542	5,462,318	-	5,462,318	-
IDEA - Palmview an Irr 2.04 Acres Tract-N370.76'-W479.48' Lot 1 1.82 Acres Net	4100 N. Schuerbach Rd., Mission, TX 78572	91,171	-	91,171	-
IDEA Public Schools La Joya Lot 1	725 E. Expressway 83, La Joya, TX 78560	4,782	-	4,782	-
Mid Valley Industrial Park No. 8 Lot 2	2931 Sugar Cane Dr., Weslaco, TX 78599	7,812,009	-	7,812,009	-
Boys and Girls Club Lot 3	2553 Roegiers Rd., Edinburg, TX 78541	337,587	-	337,587	-
Boys and Girls Club Lot 4, 6 & 7	2553 Roegiers Rd., Edinburg, TX 78541	5,064,941	-	5,064,941	-

(continued)

IDEA Public Schools

Schedule of Real Property Ownership Interest for the year ended June 30, 2023 (unaudited)

(continued)

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST		
			LOCAL	STATE	FEDERAL
Alamo Country Club PH 3 Lot 1 IDEA Public School #2 BNG A 20.07 Acres Tract	325 Kansas Rd., Alamo, TX 78516	\$ 6,763,002	\$ -	\$ 6,763,002	\$ -
NCB 592 Blk 7 Lot 2 Exc NW Irr 5.69 Ft	600 E. Las Milpas Rd., Pharr, TX 78577	16,466,176	-	16,466,176	-
NCB 1450 Blk 19 Lot 12 (Springview Unit-3 Phase III)	226 N. Hackberry, San Antonio, TX 78202	5,318,650	-	5,318,650	-
NCB 1450 Blk 19 Lot 13 (Springview Unit-3 Phase III)	2806 Harney St., San Antonio, TX 78203	146,970	-	146,970	-
NCB 1450 Blk 19 Lot 14 (Springview Unit-3 Phase III)	2802 Harney St., San Antonio, TX 78203	126,540	-	126,540	-
NCB 1450 Blk 19 Lot 15 (Springview Unit-3 Phase III)	2803 Harney St., San Antonio, TX 78203	141,670	-	141,670	-
NCB 1450 Blk 19 Lot 16 (Springview Unit-3 Phase III)	619 Fisk St., San Antonio, TX 78203	100,340	-	100,340	-
NCB 1450 Blk 19 Lot 17 (Springview Unit-3 Phase III)	615 Fisk St., San Antonio, TX 78203	91,990	-	91,990	-
NCB 1450 Blk 19 Lot 18 (Springview Unit-3 Phase III)	611 Fisk St., San Antonio, TX 78203	91,990	-	91,990	-
NCB 1450 Blk 19 Lot 19 (Springview Unit-3 Phase III)	607 Fisk St., San Antonio, TX 78203	92,520	-	92,520	-
CB 5051 A Lot N IRR 1788.78 FT of 27 CB5081C (IDEA-Converse), Blk 1 Lot 2	603 Fisk St., San Antonio, TX 78203	93,280	-	93,280	-
NCB 9483 Blk Lot 90	6445 Walzem Rd., San Antonio, TX 78239	590,940	-	590,940	-
NCB 12962 Blk Lot S IRR 31.18' of W IRR 413.83' of 1 (2.158), NE TRI 36.23' of S 399.12' of 1 (0.088), 4A (0.2)	5160 Martinez Converse, Converse, TX 78109	566,780	-	566,780	-
NCB 14165 Blk 7 Lot 4	6911 S. Flores St., San Antonio, TX 78221	144,750	-	144,750	-
NCB 14165 Blk 7 Lot 5 GIS 2.713 Acres	7011 San Pedro Ave., San Antonio, TX 78216	1,724,490	-	1,724,490	-
	2825 Majestic Dr., San Antonio, TX 78228	46,440	-	46,440	-
	2814 Majestic Dr., San Antonio, TX 78228	238,720	-	238,720	-

(continued)

IDEA Public Schools

Schedule of Real Property Ownership Interest for the year ended June 30, 2023 (unaudited)

(continued)

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST		
			LOCAL	STATE	FEDERAL
NCB 15858 Blk 15 Lot 1	3100 Majestic Dr., San Antonio, TX 78228	\$ 258,430	\$ -	\$ 258,430	\$ -
NCB 11186 Blk 1 Lot 17	2523 W. Ansley Blvd., San Antonio, TX 78224	11,300,920	-	11,300,920	-
IDEA Public Schools 1301 E Commerce Street Inv	1301 E. Commerce St., San Antonio, TX 78205	1,000	-	1,000	-
NCB 8244 Blk 3 Lot 25 (IDEA Public School-Commerce)	222 SW 39 th St., San Antonio, TX 78237	502,350	-	502,350	-
NCB 594 Blk 5 Lot 19 (IDEA Carver PH II Subdivision)	1511 E. Commerce St., San Antonio, TX 78205	-	-	-	-
NCB 17172 (Waters Edge Business Park), Block 1 Lot 17	1210 Horal Dr., San Antonio, TX 78227	1,557,190	-	1,557,190	-
NCB 17359 Blk 4 Lot 34 (IDEA Feather Ridge)	13427 Judson Rd., San Antonio, TX 78233	16,756,680	-	16,756,680	-
NCB 1521 Blk 8 Lot 2 (IDEA Eastside)	2519 Martin Luther King, San Antonio, TX 78203	-	-	-	-
NCB 15252 (IDEA Pearsall), Block 2 Lot 4	5555 Old Pearsall Rd., San Antonio, TX 78242	12,988,980	-	12,988,980	-
NCB 10615 (IDEA W W White), Lot 80	926 S. WW White Road, San Antonio, TX 78220	-	-	-	-
NCB 8244 Blk 3 Lot E Irr 112 FT of 26 (IDEA Monterrey Park)	222 SW 39 th St., San Antonio, TX 78237	427,420	-	427,420	-
NCB 9483 Lot 120 (IDEA South Flores Expansion)	6919 S. Flores St., San Antonio, TX 78221	6,539,650	-	6,539,650	-
CB 5197E Blk 30 Lot 4 (IDEA Marbach)	10434 Marbach Rd., San Antonio, TX 78245	15,252,490	-	15,252,490	-
NCB 17639 (IDEA Culebra), Lot 16	10138 Culebra Rd., San Antonio, TX 78251	18,463,810	-	18,463,810	-
NCB 18160 P-3 (2.296) CB 5983 (73.8209 Acres)	4500 W. Pue Road, San Antonio, TX 78245	673,335	-	673,335	-
Abs: 153 Sur: T Herrera 6.3290 Acres	Maske Rd., Schertz, TX 78154 (empty lot)	379,619	-	379,619	-
Abs: 153 Sur: T Herrera 4.4760 Acres	Maske Rd., Schertz, TX 78154 (empty lot)	268,475	-	268,475	-
Abs: 153 Sur: T Herrera 5.65 Acres	Maske Rd., Schertz, TX 78154 (empty lot)	338,892	-	338,892	-
Abs: 153 Sur: T Herrera 6.675 Acres	Maske Rd., Schertz, TX 78154 (empty lot)	400,373	-	400,373	-

(continued)

IDEA Public Schools

Schedule of Real Property Ownership Interest for the year ended June 30, 2023 (unaudited)

(continued)

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST		
			LOCAL	STATE	FEDERAL
Abs: 259 Sure: William H Pate 12.1550 Acres	2072 FM 725, New Braunfels, TX 78130	\$ 929,978	\$ -	\$ 929,978	\$ -
S12118 - IDEA Greenlawn, Lot 1 (PT), Acres 2.715, (R587628/REF)	3001 Greenlawn Blvd., Round Rock, TX 78664	60,815	-	60,815	-
A W0181 A W0292 - Hornsby, M Sur., Acres 11.431, (R508760 MH) (Pro EX 02/14/20-12/31/20)	205 N. Bagdad Rd., Leander, TX 78641	1,715,777	-	1,715,777	-
A W0181 A W0292 - Hornsby, M Sur., Acres 5.098, (PRO EX 02/14/20- 12/31/20)	251 N. Bagdad Rd., Leander, TX 78641	1,243,586	-	1,243,586	-
S8752 - Greener Acres, Lot 2, Acres 4.197 (PRO EX 02/14/20. 12/31/20)	Hero Way & 251 N. Bagdad, Leander, TX 78641	1,023,799	-	1,023,799	-
Travis County Reference - S12118 IDEA Greenlawn, Lot 1 (PT), Acres 9.962 (R587627/GWI)	3001 Greenlawn Blvd., Round Rock, TX 78664	2,989	-	2,989	-
Henderson Block 49 all of Block (12.33 Acres)	3401 W. 5 th St., Odessa, TX 79763	198,725	-	198,725	-
Parks Bell Ranch North Block 5 Lot 8 (18.98)	7300 E. Yukon Rd., Odessa, TX 79765	8,072,510	-	8,072,510	-
Acres: 32.390, E/PT, SEC: 24, Blk: 40-TIS IDEA Academy S/D Lot 1 (vacant lot) Public High School	Holiday Hill Rd., Midland, TX 79707 (empty lot)	825,380	-	825,380	-
IDEA Kyle Academy, Block A, Lot 1, Acres 12.79	2803 Monarch Lane, Rio Grande City, TX 78582	6,661,120	-	6,661,120	-
	640 Philomena Dr., Kyle, TX 78640	19,361,600	-	19,361,600	-

(continued)

IDEA Public Schools

Schedule of Real Property Ownership Interest for the year ended June 30, 2023 (unaudited)

(continued)

DESCRIPTION	PROPERTY ADDRESS	TOTAL ASSESSED VALUE	OWNERSHIP INTEREST		
			LOCAL	STATE	FEDERAL
NCB 1450 Blk 19 Lot 13 (Springview Lehigh Plaza Lot 49-7.583ACS, Lot 50 – 9.479 ACS, Lot 51-.747ACS 17.971 AC GR 17.293 AC NET	2700 W. Wisconsin Rd., Edinburg, TX 78539	\$ 10,291,028	\$ -	\$ 10,291,028	\$ -
Tracts 6 & 10 ABST 543 A Mays	21423 Aldine Westfield Rd., Humble, TX 77338	3,773,070	-	3,773,070	-
Tracts 33,34,35A & 35B ABST 513	0 N. Sam Houston Parkway, Humble, TX 77396	6,316,200	-	6,316,200	-
Acres 14.810 Blk 083 Lot 011A	Tilden Street N., Midland, TX 79706	281,390	-	281,390	-
Johannsen Survey #185 ABST2789 TR 3 12.1644 AC	5980 Johannsen Road, El Paso, TX 79932	531,171	-	531,171	-
AW0021 Addison Wm 14.854 AC	Rockride Lane, Georgetown, TX 78626	610,770	-	610,770	-
Bohemian Colony Lands 3.449 ACS SE COR LT 3 SEC 4	Ayers Street, Corpus Christi, TX 78417	300,477	-	300,477	-
Bowman, Joseph Survey Abstract 81 Tract 1E1	3631 NW Loop 820, Fort Worth, TX 76106	164,439	-	164,439	-
Lexington Center 11.579 ACS LT 1 BLK 9	Ayers Street, Corpus Christi, TX 78417	1,042,914	-	1,042,914	-
Flour Bluff & Enc From GDN Tract 14.091 ACS LT 7 SEC 20	7001 Saratoga Blvd., Corpus Christi, TX 78414	1,657,445	-	1,657,445	-
Flour Bluff & Enc From GDN Tract .61 ACS LOT 7 BLOCK 20	7002 Saratoga Blvd., Corpus Christi, TX 78414	183	-	183	-
Total		<u>\$ 718,817,477</u>	<u>\$ -</u>	<u>\$ 718,817,477</u>	<u>\$ -</u>

IDEA Florida, Inc.

Financial Statements
For the Year Ended June 30, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
IDEA Florida, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of IDEA Florida, Inc. (a non-profit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed further in Note 11 to the financial statements, the Organization was the sole member of an LLC, IPS Florida, LLC, which was formed in May 2022 and subsequently transferred to another not-for-profit entity. None of the activities of the LLC have been included in these financial statements. Our opinion is not modified with respect to that matter.

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.

IDEA Florida, Inc.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements.

IDEA Florida, Inc.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 27, 2023

FINANCIAL STATEMENTS



IDEA Florida, Inc.
Statement of Financial Position
June 30, 2023

Current Assets:	
Cash and cash equivalents	\$ 9,027,060
Grants and awards receivable	<u>1,869,655</u>
Total current assets	<u>10,896,715</u>
Noncurrent Assets	
Due from management company	5,028,744
Property and equipment, net	2,887,108
Right of use, net	19,296,469
Deposits	<u>128,821</u>
Total noncurrent assets	<u>27,341,142</u>
Total assets	<u>\$ 38,237,857</u>
Current Liabilities:	
Accounts payable	\$ 4,485,541
Accrued liabilities	1,612,766
Deferred revenue and refundable advances	1,960,166
Current portion of operating lease liability	6,289,195
Debt - due in one year	<u>638,037</u>
Total current liabilities	<u>14,985,705</u>
Noncurrent Liabilities:	
Operating lease liability, net of current portion	13,370,311
Debt - due in in more than one year	<u>9,500,000</u>
Total noncurrent liabilities	<u>22,870,311</u>
Total liabilities	<u>37,856,016</u>
Net Assets (Deficit):	
Without Donor Restrictions	(1,142,813)
With donor restrictions	<u>1,524,654</u>
Total net assets	<u>381,841</u>
Total liabilities and net assets	<u>\$ 38,237,857</u>

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

IDEA Florida, Inc.
Statements of Activities
For the Year Ended June 30, 2023

Net Assets Without Donor Restrictions:

Operating revenue and public support:	
Government grants and awards	\$ 50,545,048
Contributions	528,000
Net assets released from restriction	150,720
Other	<u>30,557</u>

Total operating revenues, public support and net assets released from restrictions	<u>51,254,325</u>
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Expenses:

Program services:	
Education	42,792,064
Supporting services:	
Management and general	<u>8,701,656</u>

Total expenses	<u>51,493,720</u>
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Change in net assets without donor restrictions	<u>(239,395)</u>
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Net Assets With Donor Restrictions:

Contributions and awards	655,961
Net assets released from restrictions	<u>(150,720)</u>

Change in net assets with donor restrictions	<u>505,241</u>
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Change in net assets	265,846
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Net Assets, July 1, 2022	<u>115,995</u>
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Net Assets, June 30, 2023	<u><u>\$ 381,841</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

IDEA Florida, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Education</u>	<u>Management and General</u>	<u>Total</u>
Contracted services	\$ 27,673,431	\$ 5,277,605	\$ 32,951,036
Rentals	5,898,611	598,910	6,497,521
Office expenses and other	3,247,935	473,977	3,721,912
Program services and supplies	1,962,173	64,525	2,026,698
Interest and other fiscal charges	-	1,142,522	1,142,522
Insurance	1,042,048	-	1,042,048
Salaries	883,355	-	883,355
Depreciation	694,420	58,371	752,791
Taxes - other	-	716,594	716,594
Utilities	546,131	-	546,131
Travel	263,810	122,993	386,803
Repairs and maintenance	282,206	-	282,206
Legal and professional services	79,558	163,367	242,925
Telecommunications	24,716	62,510	87,226
Employee benefits	81,524	-	81,524
Payroll taxes	52,491	-	52,491
Employee retirement	34,955	-	34,955
Professional development	24,700	-	24,700
Information and Tech	-	18,386	18,386
Dues and subscriptions	-	1,896	1,896
	<u> </u>	<u> </u>	<u> </u>
Total expenses	\$ <u>42,792,064</u>	\$ <u>8,701,656</u>	\$ <u>51,493,720</u>

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

IDEA Florida, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows from Operating Activities:

Change in net assets	\$ 265,846
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Provision for depreciation	752,791
Amortization of operating lease right-of-use asset	5,887,351
(Increase) decrease in assets:	
Grants and awards receivable	(1,185,573)
Prepaid expenses	81,468
Deposits	(101,743)
Due from management company	(5,028,744)
(Increase) decrease in liabilities:	
Accounts payable	3,407,012
Accrued liabilities	897,170
Due to management company	(248,143)
Deferred revenue	472,166
Operating lease liability	<u>(5,363,349)</u>
Net cash provided by (used in) operating activities	<u>(163,748)</u>

Cash Flows from Investing Activities:

Purchase of property and equipment	<u>(328,355)</u>
Net cash used in investing activities	<u>(328,355)</u>

Cash Flows from Financing Activities:

Proceeds from debt	9,500,000
Principal payments on debt	<u>(561,963)</u>
Net cash used in financing activities	<u>8,938,037</u>

Net increase in cash, cash equivalents and restricted cash	8,445,934
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Cash and Cash Equivalents, July 1, 2022	<u>581,126</u>
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Cash and Cash Equivalents, June 30, 2023	<u><u>\$ 9,027,060</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

Note 1 - Organization and Operations

IDEA Florida, Inc., (“Organization”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 228.056, Florida Statutes. The Organization was established in 2019 and commenced operations in 2021 establishing charter schools in Tampa and Jacksonville.

The Organization receives funding from the State of Florida and from the School Boards of Hillsborough County and Duval County, Florida (collectively the “School Boards”) based on student population. The Organization may also receive other revenues, including grants, contributions, food service revenues, and community service revenues.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting: Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Organization are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of presentation: Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2020-07, the Reporting Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. As of June 30, 2023, the Organization had assets with donor restrictions (Note 8).

Net assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions. All restricted contributions received and expended are for the operations of the Schools.

Reporting Organization: The Organization's Schools operate under charters granted by their sponsoring School Board. The charters normally run for a five year period.

Charters may be renewed by mutual written agreement between the individual School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least ninety days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown.

Cash and cash equivalents: The Organization considers all demand accounts and money market funds which are not subject to withdrawal restrictions to be cash and cash equivalents. The Organization routinely maintains cash balances at financial institutions which exceed federally insured amounts. The Organization has not experienced losses in such accounts and does not believe it is exposed to any significant credit risk.

State statutes require, and it is the Schools' policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public Organization's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and reporting requirements of the qualified public depository to the treasurer is defined by the statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should the need arise. The Schools' deposits are held in a qualified public depository. They are covered by the collateral pool as the Schools have identified themselves as public entities at June 30, 2023.

Restricted cash and cash equivalents: At June 30, 2023, the Organization maintains cash balances that are restricted for designated donor purposes and included in cash and cash equivalents on the accompanying statement of financial position.

Promises to give: The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques using risk-adjusted discount rates. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

Prepaid expenses: Certain payments reflect costs applicable to services for a future accounting period and are recorded as prepaid expenses in the accompanying financial statements.

Property and equipment: Property and equipment purchased or acquired are capitalized at historical cost or estimated historical cost. Capital assets are defined as assets with an initial cost of at least \$ 5,000 and a useful life of over one year. Donated property and equipment assets are valued at the estimated fair market value as of the date received. Additions, improvements, and other major renewals that significantly extend the useful life of an asset are capitalized and depreciated over the remaining useful lives of the related assets. Other costs incurred for repairs and maintenance are charged to expense as incurred.

Note 2 - Summary of Significant Accounting Policies (continued)

If donors stipulate the period of time during which the assets must be used, the contributions are recorded as support with donor restrictions, and released as restrictions expire. In the absence of such stipulations, contributions of property and equipment and gifts of cash restricted for the acquisition of property and equipment, are recorded as support without donor restrictions when the assets are placed in service.

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

Computer software	3 years
Furniture and equipment	5-10 years
Vehicles	5 years

Right of use assets: The Organization has recorded right of use lease assets as a result of implementing the Financial Accounting Standards Board, Accounting Standards Update 2016-02, *Leases (Topic 842)*. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

Revenue and revenue recognition: The Organization recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

A portion of the Organization's revenue is derived from cost-reimbursement federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions.

Amounts received prior to meeting certain conditions, including measurable performance or other barrier, and/or incurring qualifying expenditures in compliance with the specific grant or contract are reported as a liability, refundable advances, in the statement of financial position.

Student funding is provided by the State of Florida through the School Boards. This funding is received on a pro rata basis over a twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

Deferred revenue: Revenues received in advance from other income that are considered exchange transactions are deferred to the applicable period.

Functional allocation of expenses: The costs of providing the programs and activities of the Organization have been summarized on a functional basis in the accompanying statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited

Note 2 - Summary of Significant Accounting Policies (continued)

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Date of management's review: Subsequent events have been evaluated through October 27, 2023, which is the date the financial statements were issued.

Note 3 - Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets:	
Cash and cash equivalents	\$ 9,027,060
Due from other agencies	<u>1,869,655</u>
Financial assets at year-end	10,896,715
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor imposed restrictions	<u>1,524,654</u>
Financial assets available within one year to meet cash needs for general expenditures within on year	<u><u>\$ 9,372,061</u></u>

Note 4 – Property, Equipment and Right of Use Assets

Property and equipment consist of the following at June 30, 2023:

Intangible right of use buildings	\$ 26,261,772
Construction in progress	152,365
Furniture and equipment	253,712
Vehicles	<u>3,538,438</u>
	30,206,287
Less accumulated depreciation/amortization	<u>(8,022,710)</u>
Net property and equipment and right of use assets	<u><u>\$ 22,183,577</u></u>

Note 4 – Property, Equipment and Right of Use Assets (continued)

If certain governmental funding is used to acquire tangible property assets, the School Board has a reversionary interest in those assets. In the event of nonrenewal, termination, or breach of the charter school agreement, ownership of the assets would automatically revert to the School Board.

Note 5 – Line of Credit Debt

In 2023, the Organization entered into a \$ 10 million line of credit agreement with Charter Asset Management to provide working capital. The line has a maturity of August 31, 2024, and each advance will bear an interest rate equal to the Prime Rate plus 3.20%. As of June 30, 2023, the line of credit had an outstanding balance of \$ 9.5 million. The line of credit also contains various financial covenants of which the Organization is in compliance.

Note 6 - Debt

Previously, the Organization entered into an agreement to borrow \$ 1,200,000 to provide for startup costs to establish two of the Organization’s campuses in Jacksonville, Florida. The loan incurs interest at 2% and requires monthly interest only payments through August 2022 where the monthly payment increases to a principal and interest payment of approximately \$ 58,200 until the loan is due in full May 2024.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 638,037	\$ 22,000	\$ 660,037
Thereafter	-	-	-
Total	\$ <u>638,037</u>	\$ <u>22,000</u>	\$ <u>660,037</u>

Note 7 – Leases

The Organization entered into several operating leases during the year primarily for their schools’ facility operations. The leases are effective through June 30, 2026. The lease agreements qualify as other than short-term leases under Financial Accounting Standards Board, Accounting Standards Update 2016-02, *Leases (Topic 842)* and, therefore, have been recorded at the present value of the future minimum lease payments. The discount rate used to recognize the intangible right of use asset and the lease liability was 5.17%. Payments are due monthly of approximately \$ 592,000 for 2023 and at slightly lower amounts through to the expiration of the leases.

Note 7 – Leases (continued)

Future lease payment obligations are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 6,289,195	\$ 817,126	\$ 7,106,321
2025	6,533,067	495,669	7,028,736
2026	6,837,244	158,708	6,995,952
Thereafter	-	-	-
Total	\$ <u>19,659,506</u>	\$ <u>1,471,503</u>	\$ <u>21,131,009</u>

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of cash and are available for the following:

Start up operations - Lakeland	\$ 1,487,500
Educational expenses	<u>37,154</u>
	<u>\$ 1,524,654</u>

Additionally, net assets were released from restrictions by incurring expenses as follows:

Satisfaction of purpose restrictions:	
Start up operations and establishment - Lakeland	\$ 112,500
Other educational expenses	<u>38,220</u>
	<u>\$ 150,720</u>

Note 9 – Management Services Agreement

The Organization entered into a management services agreement with IPS Enterprises, Inc. (“IPS”) effective January 1, 2020 and ending June 30, 2026. The agreement is automatically renewed concurrently with the renewal of any charter school contract entered into by the Organization. The agreement also applies to any new charter school performance-based agreements entered into by the Organization.

The agreement provides the Organization with the authority to manage, administer, oversee and supervise all the operations and activities of the charter schools. For the services rendered, IPS will charge 15% of all revenues received by the Organization, exclusive of those received from the “School of Hope Program”. The management fee for the year ended June 30, 2023 was \$ 2,141,061.

In connection with various transactions involving the operations of the schools, IPS typically advances monies, receives monies and consummates other transaction on behalf of the Organization. As a result of these various activities, the Organization is due approximately \$ 5,029,000.

Note 10 - Income Taxes

The Organization is a nonprofit corporation that 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.

Note 11 – Emphasis of Matter

The Organization was the sole member of an LLC, IPS Florida, LLC, which was formed in May 2022 and subsequently transferred to another entity, IPS Enterprises, Inc. The LLC was initially formed under the Organization until the intended not-for-profit entity had been properly established. None of the activities of the LLC have been included in these financial statements.

Note 12 - Supplemental Cash Flow Information

Summarized cash flow information is as follows:

Cash paid during the year for - Interest expense	\$ <u>1,142,522</u>
Other Noncash Investing Activities and Financing Activities:	
Acquisition of Property and Equipment - Cost of property and equipment including right of use leases	\$ 19,485,932
Less: financed property and equipment	<u>(19,157,577)</u>
Cash paid for property and equipment	\$ <u>328,355</u>
Issuance of debt and right of use liabilities- New debt issued including lease liabilities for right of use assets	\$ 28,657,577
Less: debt used for property and equipment including right of use leases	<u>(19,157,577)</u>
Cash debt proceeds	\$ <u>9,500,000</u>

BOND PRICING

Capital Trust Authority
 Educational Facilities Lease Revenue Note
 (Kid's Community College Schools Projects)
 Series 2023A&B
 *** PRELIMINARY ***

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Tax-Exempt:	12/15/2028	12,480,000	7.150%	7.150%	100.000
Taxable:	12/15/2028	510,000	9.060%	9.060%	100.000
		12,990,000			

Dated Date	12/07/2023	
Delivery Date	12/07/2023	
First Coupon	01/15/2024	
Par Amount	12,990,000.00	
Original Issue Discount		
Production Underwriter's Discount	12,990,000.00	100.0000000%
Purchase Price	12,990,000.00	100.0000000%
Accrued Interest		
Net Proceeds	12,990,000.00	

BOND DEBT SERVICE

Capital Trust Authority
 Educational Facilities Lease Revenue Note
 (Kid's Community College Schools Projects)
 Series 2023A&B
 *** PRELIMINARY ***

Dated Date 12/07/2023
 Delivery Date 12/07/2023

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
06/30/2024			490,119.13	490,119.13	12,990,000	12,990,000
06/30/2025			938,526.00	938,526.00	12,990,000	12,990,000
06/30/2026			938,526.00	938,526.00	12,990,000	12,990,000
06/30/2027			938,526.00	938,526.00	12,990,000	12,990,000
06/30/2028			938,526.00	938,526.00	12,990,000	12,990,000
06/30/2029	12,990,000	** %	469,263.00	13,459,263.00		
	12,990,000		4,713,486.13	17,703,486.13		

NET DEBT SERVICE

Capital Trust Authority
 Educational Facilities Lease Revenue Note
 (Kid's Community College Schools Projects)
 Series 2023A&B
 *** PRELIMINARY ***

Period Ending	Total Debt Service	Annual Issuer Fee	Extension Fee	Net Debt Service
06/30/2024	490,119.13	5,000		495,119.13
06/30/2025	938,526.00	5,000		943,526.00
06/30/2026	938,526.00	5,000		943,526.00
06/30/2027	938,526.00	5,000	64,950	1,008,476.00
06/30/2028	938,526.00	5,000	64,950	1,008,476.00
06/30/2029	13,459,263.00	5,000		13,464,263.00
	17,703,486.13	30,000	129,900	17,863,386.13

BOND SUMMARY STATISTICS

Capital Trust Authority
Educational Facilities Lease Revenue Note
(Kid's Community College Schools Projects)
Series 2023A&B
***** PRELIMINARY *****

Dated Date	12/07/2023
Delivery Date	12/07/2023
First Coupon	01/15/2024
Last Maturity	12/15/2028
Arbitrage Yield	7.257016%
True Interest Cost (TIC)	7.334468%
Net Interest Cost (NIC)	7.224988%
All-In TIC	9.057391%
Average Coupon	7.224988%
Average Life (years)	5.022
Weighted Average Maturity (years)	5.022
Duration of Issue (years)	4.227
Par Amount	12,990,000.00
Bond Proceeds	12,990,000.00
Total Interest	4,713,486.13
Net Interest	4,713,486.13
Bond Years from Dated Date	65,238,666.67
Bond Years from Delivery Date	65,238,666.67
Total Debt Service	17,703,486.13
Maximum Annual Debt Service	13,928,526.00
Average Annual Debt Service	3,525,030.42
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Tax-Exempt	12,480,000.00	100.000	7.150%	5.022	5,241.60
Taxable	510,000.00	100.000	9.060%	5.022	204.00
	12,990,000.00			5.022	5,445.60

	TIC	All-In TIC	Arbitrage Yield
Par Value	12,990,000.00	12,990,000.00	12,480,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		(754,057.00)	
- Other Amounts			
Target Value	12,990,000.00	12,235,943.00	12,480,000.00
Target Date	12/07/2023	12/07/2023	12/07/2023
Yield	7.334468%	9.057391%	7.257016%

BOND DEBT SERVICE

Capital Trust Authority
 Educational Facilities Lease Revenue Note
 (Kid's Community College Schools Projects)
 Series 2023A&B
 *** PRELIMINARY ***

Dated Date 12/07/2023
 Delivery Date 12/07/2023

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
12/07/2023						12,990,000	12,990,000
01/15/2024			99,066.63	99,066.63		12,990,000	12,990,000
02/15/2024			78,210.50	78,210.50		12,990,000	12,990,000
03/15/2024			78,210.50	78,210.50		12,990,000	12,990,000
04/15/2024			78,210.50	78,210.50		12,990,000	12,990,000
05/15/2024			78,210.50	78,210.50		12,990,000	12,990,000
06/15/2024			78,210.50	78,210.50		12,990,000	12,990,000
06/30/2024					490,119.13	12,990,000	12,990,000
07/15/2024			78,210.50	78,210.50		12,990,000	12,990,000
08/15/2024			78,210.50	78,210.50		12,990,000	12,990,000
09/15/2024			78,210.50	78,210.50		12,990,000	12,990,000
10/15/2024			78,210.50	78,210.50		12,990,000	12,990,000
11/15/2024			78,210.50	78,210.50		12,990,000	12,990,000
12/15/2024			78,210.50	78,210.50		12,990,000	12,990,000
01/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
02/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
03/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
04/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
05/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
06/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
06/30/2025					938,526.00	12,990,000	12,990,000
07/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
08/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
09/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
10/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
11/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
12/15/2025			78,210.50	78,210.50		12,990,000	12,990,000
01/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
02/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
03/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
04/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
05/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
06/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
06/30/2026					938,526.00	12,990,000	12,990,000
07/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
08/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
09/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
10/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
11/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
12/15/2026			78,210.50	78,210.50		12,990,000	12,990,000
01/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
02/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
03/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
04/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
05/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
06/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
06/30/2027					938,526.00	12,990,000	12,990,000
07/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
08/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
09/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
10/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
11/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
12/15/2027			78,210.50	78,210.50		12,990,000	12,990,000
01/15/2028			78,210.50	78,210.50		12,990,000	12,990,000
02/15/2028			78,210.50	78,210.50		12,990,000	12,990,000
03/15/2028			78,210.50	78,210.50		12,990,000	12,990,000
04/15/2028			78,210.50	78,210.50		12,990,000	12,990,000

BOND DEBT SERVICE

Capital Trust Authority
 Educational Facilities Lease Revenue Note
 (Kid's Community College Schools Projects)
 Series 2023A&B
 *** PRELIMINARY ***

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
05/15/2028			78,210.50	78,210.50		12,990,000	12,990,000
06/15/2028			78,210.50	78,210.50		12,990,000	12,990,000
06/30/2028					938,526.00	12,990,000	12,990,000
07/15/2028			78,210.50	78,210.50		12,990,000	12,990,000
08/15/2028			78,210.50	78,210.50		12,990,000	12,990,000
09/15/2028			78,210.50	78,210.50		12,990,000	12,990,000
10/15/2028			78,210.50	78,210.50		12,990,000	12,990,000
11/15/2028			78,210.50	78,210.50		12,990,000	12,990,000
12/15/2028	12,990,000	** %	78,210.50	13,068,210.50			
06/30/2029					13,459,263.00		
	12,990,000		4,713,486.13	17,703,486.13	17,703,486.13		

BOND DEBT SERVICE

Tax-Exempt

 Dated Date 12/07/2023
 Delivery Date 12/07/2023

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
12/07/2023						12,480,000	12,480,000
01/15/2024			94,189.33	94,189.33		12,480,000	12,480,000
02/15/2024			74,360.00	74,360.00		12,480,000	12,480,000
03/15/2024			74,360.00	74,360.00		12,480,000	12,480,000
04/15/2024			74,360.00	74,360.00		12,480,000	12,480,000
05/15/2024			74,360.00	74,360.00		12,480,000	12,480,000
06/15/2024			74,360.00	74,360.00		12,480,000	12,480,000
06/30/2024					465,989.33	12,480,000	12,480,000
07/15/2024			74,360.00	74,360.00		12,480,000	12,480,000
08/15/2024			74,360.00	74,360.00		12,480,000	12,480,000
09/15/2024			74,360.00	74,360.00		12,480,000	12,480,000
10/15/2024			74,360.00	74,360.00		12,480,000	12,480,000
11/15/2024			74,360.00	74,360.00		12,480,000	12,480,000
12/15/2024			74,360.00	74,360.00		12,480,000	12,480,000
01/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
02/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
03/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
04/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
05/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
06/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
06/30/2025					892,320.00	12,480,000	12,480,000
07/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
08/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
09/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
10/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
11/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
12/15/2025			74,360.00	74,360.00		12,480,000	12,480,000
01/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
02/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
03/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
04/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
05/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
06/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
06/30/2026					892,320.00	12,480,000	12,480,000
07/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
08/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
09/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
10/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
11/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
12/15/2026			74,360.00	74,360.00		12,480,000	12,480,000
01/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
02/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
03/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
04/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
05/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
06/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
06/30/2027					892,320.00	12,480,000	12,480,000
07/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
08/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
09/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
10/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
11/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
12/15/2027			74,360.00	74,360.00		12,480,000	12,480,000
01/15/2028			74,360.00	74,360.00		12,480,000	12,480,000
02/15/2028			74,360.00	74,360.00		12,480,000	12,480,000
03/15/2028			74,360.00	74,360.00		12,480,000	12,480,000
04/15/2028			74,360.00	74,360.00		12,480,000	12,480,000
05/15/2028			74,360.00	74,360.00		12,480,000	12,480,000
06/15/2028			74,360.00	74,360.00		12,480,000	12,480,000
06/30/2028					892,320.00	12,480,000	12,480,000
07/15/2028			74,360.00	74,360.00		12,480,000	12,480,000
08/15/2028			74,360.00	74,360.00		12,480,000	12,480,000

BOND DEBT SERVICE

Tax-Exempt

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
09/15/2028			74,360.00	74,360.00		12,480,000	12,480,000
10/15/2028			74,360.00	74,360.00		12,480,000	12,480,000
11/15/2028			74,360.00	74,360.00		12,480,000	12,480,000
12/15/2028	12,480,000	7.150%	74,360.00	12,554,360.00			
06/30/2029					12,926,160.00		
	12,480,000		4,481,429.33	16,961,429.33	16,961,429.33		

BOND DEBT SERVICE
Taxable

 Dated Date 12/07/2023
 Delivery Date 12/07/2023

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
12/07/2023						510,000	510,000
01/15/2024			4,877.30	4,877.30		510,000	510,000
02/15/2024			3,850.50	3,850.50		510,000	510,000
03/15/2024			3,850.50	3,850.50		510,000	510,000
04/15/2024			3,850.50	3,850.50		510,000	510,000
05/15/2024			3,850.50	3,850.50		510,000	510,000
06/15/2024			3,850.50	3,850.50		510,000	510,000
06/30/2024					24,129.80	510,000	510,000
07/15/2024			3,850.50	3,850.50		510,000	510,000
08/15/2024			3,850.50	3,850.50		510,000	510,000
09/15/2024			3,850.50	3,850.50		510,000	510,000
10/15/2024			3,850.50	3,850.50		510,000	510,000
11/15/2024			3,850.50	3,850.50		510,000	510,000
12/15/2024			3,850.50	3,850.50		510,000	510,000
01/15/2025			3,850.50	3,850.50		510,000	510,000
02/15/2025			3,850.50	3,850.50		510,000	510,000
03/15/2025			3,850.50	3,850.50		510,000	510,000
04/15/2025			3,850.50	3,850.50		510,000	510,000
05/15/2025			3,850.50	3,850.50		510,000	510,000
06/15/2025			3,850.50	3,850.50		510,000	510,000
06/30/2025					46,206.00	510,000	510,000
07/15/2025			3,850.50	3,850.50		510,000	510,000
08/15/2025			3,850.50	3,850.50		510,000	510,000
09/15/2025			3,850.50	3,850.50		510,000	510,000
10/15/2025			3,850.50	3,850.50		510,000	510,000
11/15/2025			3,850.50	3,850.50		510,000	510,000
12/15/2025			3,850.50	3,850.50		510,000	510,000
01/15/2026			3,850.50	3,850.50		510,000	510,000
02/15/2026			3,850.50	3,850.50		510,000	510,000
03/15/2026			3,850.50	3,850.50		510,000	510,000
04/15/2026			3,850.50	3,850.50		510,000	510,000
05/15/2026			3,850.50	3,850.50		510,000	510,000
06/15/2026			3,850.50	3,850.50		510,000	510,000
06/30/2026					46,206.00	510,000	510,000
07/15/2026			3,850.50	3,850.50		510,000	510,000
08/15/2026			3,850.50	3,850.50		510,000	510,000
09/15/2026			3,850.50	3,850.50		510,000	510,000
10/15/2026			3,850.50	3,850.50		510,000	510,000
11/15/2026			3,850.50	3,850.50		510,000	510,000
12/15/2026			3,850.50	3,850.50		510,000	510,000
01/15/2027			3,850.50	3,850.50		510,000	510,000
02/15/2027			3,850.50	3,850.50		510,000	510,000
03/15/2027			3,850.50	3,850.50		510,000	510,000
04/15/2027			3,850.50	3,850.50		510,000	510,000
05/15/2027			3,850.50	3,850.50		510,000	510,000
06/15/2027			3,850.50	3,850.50		510,000	510,000
06/30/2027					46,206.00	510,000	510,000
07/15/2027			3,850.50	3,850.50		510,000	510,000
08/15/2027			3,850.50	3,850.50		510,000	510,000
09/15/2027			3,850.50	3,850.50		510,000	510,000
10/15/2027			3,850.50	3,850.50		510,000	510,000
11/15/2027			3,850.50	3,850.50		510,000	510,000
12/15/2027			3,850.50	3,850.50		510,000	510,000
01/15/2028			3,850.50	3,850.50		510,000	510,000
02/15/2028			3,850.50	3,850.50		510,000	510,000
03/15/2028			3,850.50	3,850.50		510,000	510,000
04/15/2028			3,850.50	3,850.50		510,000	510,000
05/15/2028			3,850.50	3,850.50		510,000	510,000
06/15/2028			3,850.50	3,850.50		510,000	510,000
06/30/2028					46,206.00	510,000	510,000
07/15/2028			3,850.50	3,850.50		510,000	510,000
08/15/2028			3,850.50	3,850.50		510,000	510,000

BOND DEBT SERVICE

Taxable

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
09/15/2028			3,850.50	3,850.50		510,000	510,000
10/15/2028			3,850.50	3,850.50		510,000	510,000
11/15/2028			3,850.50	3,850.50		510,000	510,000
12/15/2028	510,000	9.060%	3,850.50	513,850.50			
06/30/2029					533,103.00		
	510,000		232,056.80	742,056.80	742,056.80		

BOND MATURITY TABLE

Capital Trust Authority
 Educational Facilities Lease Revenue Note
 (Kid's Community College Schools Projects)
 Series 2023A&B
 *** PRELIMINARY ***

Maturity Date	Tax-Exempt	Taxable	Total
01/15/2024			
02/15/2024			
03/15/2024			
04/15/2024			
05/15/2024			
06/15/2024			
07/15/2024			
08/15/2024			
09/15/2024			
10/15/2024			
11/15/2024			
12/15/2024			
01/15/2025			
02/15/2025			
03/15/2025			
04/15/2025			
05/15/2025			
06/15/2025			
07/15/2025			
08/15/2025			
09/15/2025			
10/15/2025			
11/15/2025			
12/15/2025			
01/15/2026			
02/15/2026			
03/15/2026			
04/15/2026			
05/15/2026			
06/15/2026			
07/15/2026			
08/15/2026			
09/15/2026			
10/15/2026			
11/15/2026			
12/15/2026			
01/15/2027			
02/15/2027			
03/15/2027			
04/15/2027			
05/15/2027			
06/15/2027			
07/15/2027			
08/15/2027			
09/15/2027			
10/15/2027			
11/15/2027			
12/15/2027			
01/15/2028			
02/15/2028			
03/15/2028			
04/15/2028			
05/15/2028			
06/15/2028			
07/15/2028			
08/15/2028			

BOND MATURITY TABLE

Capital Trust Authority
Educational Facilities Lease Revenue Note
(Kid's Community College Schools Projects)
Series 2023A&B
*** PRELIMINARY ***

Maturity Date	Tax-Exempt	Taxable	Total
09/15/2028			
10/15/2028			
11/15/2028			
12/15/2028	12,480,000	510,000	12,990,000
	12,480,000	510,000	12,990,000

COST OF ISSUANCE

Capital Trust Authority
 Educational Facilities Lease Revenue Note
 (Kid's Community College Schools Projects)
 Series 2023A&B
 *** PRELIMINARY ***

	Tax-Exempt	Taxable	Total
Contingency	4,557.02	3,559.98	8,117.00
Issuer Origination & Application Fee (CTA)^	13,956.97	29,513.03	43,470.00
Bond Counsel Fee (BMO)^	36,923.21	78,076.79	115,000.00
Issuer's Counsel Fee (BMO)^	8,026.78	16,973.22	25,000.00
Bond Counsel / Issuer's Counsel Expenses (BMO)^	1,284.29	2,715.71	4,000.00
Financial Advisor Fee (Building Hope)^	10,426.79	22,048.21	32,475.00
Borrower's Counsel Fee (Tripp Scott)^	21,221.21	44,873.79	66,095.00
Placement Agent & Disclosure Counsel Fee (NGN)^	32,107.14	67,892.86	100,000.00
Placement Agent Expenses (Ziegler)^	3,210.71	6,789.29	10,000.00
Placement Agent (Ziegler)	49,766.07	105,233.93	155,000.00
Bank Origination Fee (Axos)	41,707.17	88,192.83	129,900.00
Bank Counsel Fee (KAV)	20,869.64	44,130.36	65,000.00
	244,057.00	510,000.00	754,057.00

Note: '^' Denotes confirmed

EXHIBIT C

• **022 performance – can you help explain the \$500K loss?**

There was a change in accounting rules (GASB 87) which was implemented in the FY 2022 audits as well as a mismatch of ESSER revenues/expenses with ESSER funds expenses in FY 2022 and the revenues not received until FY 2023.

Detail for each of the three audits making up the consolidated entity are shown below.

FY 22 consolidated made up of 3 audits:

KKC Riverview South K-12	Change in Net Position: (\$435,280)
KCC SE Middle	Change in Net Position: 83,747
KCC SE Elementary	Change in Net Position: (\$148,899)
Total:	(\$500,432)

1. Kids Community College Riverview South K-12 (6-30-2022)

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 3,288,062	\$ -	\$ 187,201	\$ -	\$ (3,100,861)
Student Support Services	8,516	-	-	-	(8,516)
Instructional Media	3,435	-	-	-	(3,435)
Instruction & Curriculum Development	2,225	-	-	-	(2,225)
Instructional Staff Training	1,461	-	-	-	(1,461)
Instructional Related Technology	452	-	-	-	(452)
Board	117,332	-	-	-	(117,332)
General Administration	88,670	-	-	-	(88,670)
School Administration	1,254,290	-	-	-	(1,254,290)
Facilities Acquisition & Construction	108,853	-	-	395,809	286,956
Fiscal Services	26,457	-	-	-	(26,457)
Food Services	692,756	1,691	815,551	-	124,486
Student Transportation	22,628	-	-	-	(22,628)
Operation of Plant	530,686	-	1,823	-	(528,863)
Community Service	44,201	151,394	-	-	107,193
Debt Service - Interest	798,376	-	-	-	(798,376)
Unallocated Depreciation	558,257	-	-	-	(558,257)
Total Governmental Activities	\$ 7,546,657	\$ 153,085	\$ 1,004,575	\$ 395,809	(5,993,188)
General Revenue					
State Sources					5,045,787
Local and Other					512,121
Total General Revenues					5,557,908
Change in Net Position					(435,280)
Net Position - July 1, 2021					1,072,199
Net Position - June 30, 2022					\$ 636,919

KCC Charter School (Series 2023 Bonds Financing)
Response to Questions
Prepared for Axos Bank

2. Kids Community College Southeast Middle Charter School, Inc.

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 774,076	\$ -	\$ 46,673	\$ -	\$ (727,403)
Instructional Staff Training	387	-	-	-	(387)
Board	2,968	-	-	-	(2,968)
General Administration	79,831	-	-	-	(79,831)
School Administration	300,523	-	-	-	(300,523)
Facilities Acquisition & Construction	11,339	-	-	-	(11,339)
Fiscal Services	8,283	-	-	-	(8,283)
Food Services	109,934	3,500	127,321	-	20,887
Student Transportation	1,187	-	-	-	(1,187)
Operation of Plant	170,917	-	99	-	(170,818)
Community Service	21,813	29,897	-	-	8,084
Debt Service - Interest	208,878	-	-	110,678	(98,200)
Unallocated Depreciation	114,011	-	-	-	(114,011)
Total Governmental Activities	\$ 1,804,147	\$ 33,397	\$ 174,093	\$ 110,678	(1,485,979)
General Revenue					
State Sources					1,422,214
Local and Other					147,512
Total General Revenues					1,569,726
Change in Net Position					83,747
Net Position - July 1, 2021					196,923
Net Position - June 30, 2022					\$ 280,670

KCC Charter School (Series 2023 Bonds Financing)
Response to Questions
Prepared for Axos Bank

3. Kids Community College Elementary Charter School Southeast County, Inc

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 1,947,071	\$ 193,745	\$ 88,500	\$ -	\$ (1,664,826)
Instruction & Curriculum Development	3,110	-	-	-	(3,110)
Instructional Staff Training	250	-	-	-	(250)
Instructional Related Technology	1,553	-	-	-	(1,553)
Board	6,845	-	-	-	(6,845)
General Administration	94,810	-	-	-	(94,810)
School Administration	596,817	-	-	-	(596,817)
Facilities Acquisition & Construction	16,536	-	-	-	(16,536)
Fiscal Services	3,736	-	-	-	(3,736)
Food Services	196,109	2,486	205,139	-	11,516
Student Transportation	3,587	-	-	-	(3,587)
Operation of Plant	226,126	-	939	-	(225,187)
Community Service	15,998	-	-	-	(15,998)
Debt Service - Interest	377,588	-	-	200,864	(176,724)
Unallocated Depreciation	310,301	-	-	-	(310,301)
Total Governmental Activities	\$ 3,800,437	\$ 196,231	\$ 294,578	\$ 200,864	(3,108,764)
General Revenue					
State Sources					2,781,091
Local and Other					178,774
Total General Revenues					2,959,865
Change in Net Position					(148,899)
Net Position - July 1, 2021					579,965
Net Position - June 30, 2022					\$ 431,066

- **What is the \$1.38MM in debt service in 2022 and \$1.33MM in 2023? Our understanding is all four campuses are currently leased so I am not sure what that is attributed to.**
-

The majority of the debt service is due the accounting treatment of the leases (GASB87) with the imputed lease interest recorded as detailed below (note this is from the individual FY 2022 audits depicting the debt service requirements for FY 2023).

There are also the SBA loans which debt service is subordinate to the bonds.

Per the individual FY 2022 Audits – For FY 2023:

KCC Riverview South	SBA Interest:	\$19,518
	Imputed Lease Interest	\$764,528
KCC Middle SE	Imputed Lease Interest	\$202,967
KCC SE Elementary	SBA Interest	\$9,759
	Imputed Lease Interest	\$358,343
	TOTAL:	\$1,355,115

KID'S COMMUNITY COLLEGE RIVERVIEW SOUTH K-12
 A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Small Business Administration

\$1,000,000; COVID-19 SBA Economic Injury Disaster Loan. Note modified to December 7, 2021; matures on November 7, 2052; interest of 2.75% per annum. In the event of default, the SBA may require immediate payment of all amounts owed under this note, file suit and obtain judgement, or take possession of any collateral (all tangible and intangible personal property as described in the note agreement).

	1,000,000
Total Notes Payable	\$ 1,050,000

Amounts payable for the notes payable are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2023	\$ 30,898	\$ 11,380	\$ 19,518
2024	52,968	20,034	32,934
2025	102,968	70,718	32,250
2026	52,968	21,424	31,544
2027	52,968	22,156	30,812
2028-2032	264,842	122,662	142,180
2033-2037	264,840	145,084	119,756
2038-2042	264,840	171,606	93,234
2043-2047	264,840	202,974	61,866
2048-2052	264,842	240,080	24,762
2053	22,066	21,882	184
Total	\$ 1,639,040	\$ 1,050,000	\$ 589,040

KCC Charter School (Series 2023 Bonds Financing)
Response to Questions
Prepared for Axos Bank

Future minimum lease payments and the present value of the minimum lease payments as of June 30 are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2023	\$ 1,364,472	\$ 599,944	\$ 764,528
2024	1,396,908	670,291	726,617
2025	1,430,148	745,802	684,346
2026	1,464,204	826,810	637,394
2027	1,499,112	913,689	585,423
2028-2032	8,050,212	6,105,117	1,945,095
2033-2037	3,669,731	3,152,484	517,247
Total	\$ 18,874,787	\$ 13,014,137	\$ 5,860,650

The imputed interest rate is 6 percent.

**KID'S COMMUNITY COLLEGE ELEMENTARY
 CHARTER SCHOOL SOUTHEAST COUNTY, INC.**

A Charter School and Component Unit of the District School Board of Hillsborough County, Florida

**NOTES TO FINANCIAL STATEMENTS
 June 30, 2022**

Amounts payable for this note payable follows:

SBA
\$500K

Fiscal Year Ending June 30	Total	Principal	Interest
2023	\$ 15,449	\$ 5,690	\$ 9,759
2024	26,484	10,017	16,467
2025	26,484	10,359	16,125
2026	26,484	10,712	15,772
2027	26,484	11,078	15,406
2028-2032	132,421	61,331	71,090
2033-2037	132,420	72,542	59,878
2038-2042	132,420	85,803	46,617
2043-2047	132,420	101,487	30,933
2048-2052	132,421	120,040	12,381
2053	11,033	10,941	92
Total	\$ 794,520	\$ 500,000	\$ 294,520

7. LONG-TERM LEASE PAYABLE

The School entered into a 20 year noncancelable operating lease for its educational facility beginning with the fiscal year 2013-14. The lease requires monthly payments and includes annual increases in accordance with the agreement through end of the lease. In accordance with the agreement, the School is responsible for all operating charges and insurance and is to maintain the premises at its own expense. The fair value of the leased asset is \$6,431,792. Amortization of the leased asset recorded under this lease is included with depreciation/amortization expense in the accompanying financial statements.

Future minimum lease payments and the present value of the minimum lease payments at an imputed interest rate of 6% as of June 30 are as follows:

Fiscal Year Ending June 30	Total	Principal	Interest
2023	\$ 697,080	\$ 338,737	\$ 358,343
2024	711,024	373,963	337,061
2025	725,244	411,646	313,598
2026	739,752	451,949	287,803
2027	754,536	495,022	259,514
2028-2032	4,005,204	3,231,904	773,300
2033	849,731	822,747	26,984
Total	\$8,482,571	\$6,125,968	\$2,356,603

5. LONG-TERM LEASE PAYABLE

The School entered into a 20 year noncancelable operating lease for its educational facility beginning August 1, 2017. The lease requires monthly payments and includes annual increases in accordance with the agreement through end of the lease. In accordance with the agreement, the School is responsible for all operating charges and insurance and is to maintain the premises at its own expense. The fair value of the leased asset is \$3,523,481. Amortization of the leased asset recorded under this lease is included with depreciation/amortization expense in the accompanying financial statements.

Future minimum lease payments and the present value of the minimum lease payments as of June 30 are as follows:

SE Middle FY 22	Fiscal Year Ending June 30	Total	Principal	Interest
	2023	\$ 307,992	\$ 105,025	\$ 202,967
	2024	314,148	117,831	196,317
	2025	320,436	131,562	188,874
	2026	326,844	146,264	180,580
	2027	333,372	161,996	171,376
	2028-2032	1,769,616	1,087,380	682,236
	2033-2037	1,953,768	1,680,345	273,423
	Total	<u>\$5,326,176</u>	<u>\$3,430,403</u>	<u>\$1,895,773</u>

The imputed interest rate is 6 percent.

- There is also approximately \$1MM in each of those periods in unallocated depreciation. What is that attributed to? Is that non-cash and can be added back? We are currently showing 2022 coverage less than 1.0 and want to make sure we are adding back everything correctly.

The majority of the unallocated depreciation is due to the implementation of GASB 87. The detail is illustrated below.

Per the FY 2022 Audits:

KCC RS K-12:	Unallocated depreciation:	(558,257)
KCC Elem	Unallocated depreciation:	(310,301)
KCC Middle	Unallocated depreciation:	<u>(114,011)</u>
	TOTAL:	\$982,569

21 KCC RS

4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Leasehold Improvements	\$ 152,429	\$ -	\$ -	\$ 152,429
Furniture, Fixtures and Equipment	167,547	-	-	167,546
Leased Assets - Buildings	-	13,548,577	-	13,548,577
Total Capital Assets	<u>319,976</u>	<u>13,548,577</u>	<u>-</u>	<u>13,868,552</u>
Less Accumulated Depreciation/Amortization for:				
Leasehold Improvements	(147,997)	(4,432)	-	(152,429)
Furniture, Fixtures and Equipment	(126,283)	(19,385)	-	(145,667)
Leased Assets - Buildings	-	(534,440)	-	(534,440)
Total Accumulated Depreciation/Amortization	<u>(274,280)</u>	<u>(558,257)</u>	<u>-</u>	<u>(832,536)</u>
Governmental Activities Capital Assets, net	<u>\$ 45,696</u>	<u>\$ 12,990,320</u>	<u>\$ -</u>	<u>\$ 13,036,016</u>

All depreciation/amortization expense was shown as unallocated on the Statement of Activities.

22
 4. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

SE MID

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Furniture, Fixtures and Equipment	\$ 104,668	\$ -	\$ -	\$ 104,668
Leased Asset - Building	-	3,523,481	-	3,523,481
Total Capital Assets	104,668	3,523,481	-	3,628,149
Less Accumulated Depreciation/Amortization for:				
Furniture, Fixtures and Equipment	(73,269)	(20,933)	-	(94,202)
Leased Asset - Building	-	(93,078)	-	(93,078)
Total Accumulated Depreciation/Amortization	(73,269)	(114,011)	-	(187,280)
Governmental Activities Capital Assets, net	\$ 31,399	\$ 3,409,470	\$ -	\$ 3,440,869

All depreciation/amortization expense was shown as unallocated on the Statement of Activities.

22
 5. CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

SE elem

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Furniture, Fixtures and Equipment	\$ 44,132	\$ -	\$ -	\$ 44,132
Leased Asset - Building	-	6,431,792	-	6,431,792
Total Capital Assets	44,132	6,431,792	-	6,475,924
Less Accumulated Depreciation/Amortization for:				
Furniture, Fixtures and Equipment	(35,261)	(4,477)	-	(39,738)
Leased Asset - Building	-	(305,824)	-	(305,824)
Total Accumulated Depreciation/Amortization	(35,261)	(310,301)	-	(345,562)
Governmental Activities Capital Assets, net	\$ 8,871	\$ 6,121,491	\$ -	\$ 6,130,362

All depreciation/amortization expense was shown as unallocated on the Statement of Activities.

- I would like to have a high level conversation about the Florida testing environment and what impact the D rating may have on one of the campuses.
-

The “D” rating for KCC SE Middle is not expected to have any effect as Florida is undergoing a complete change in its grading and review system.

- Kids Community College Southeast Middle Charter School

School Grades			
2017-18	2018-19	2020-21	2021-22
C	D	C	D

- Kids Community College Riverview Southeast (Elementary)

School Grades						
2014-15	2015-16	2016-17	2017-18	2018-19	2020-21	2021-22
B	C	C	C	B	-	C

- Kids Community College Riverview South (k-12)

School Grades												
2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21	2021-22
A	A	C	B	C	B	A	C	B	B	A	-	C

Kid's Community College Schools Riverview, Florida

1. District enrollment as discussed below.

- Something was incorrect when report was pulled off the FDOE website. The correct table is below. We can update in the POS once we decide if we are going to sticker for other purposes.

Table 1: School District Enrollment - Full-time Equivalent Students

Grade Level	2019-20	2020-21	2021-22	2022-23
PK	4,623	2,714	4,057	4,540
K	16,547	15,537	16,358	15,699
First	16,951	16,688	16,640	16,875
Second	17,044	16,608	17,058	16,415
Third	18,788	17,164	17,763	18,037
Fourth	16,821	17,876	16,267	16,663
Fifth	17,427	16,723	17,987	16,615
Sixth	17,849	17,232	17,025	17,783
Seventh	16,845	17,063	16,821	16,182
Eighth	17,216	17,525	18,102	17,651
Ninth	16,686	16,992	17,728	18,325
Tenth	16,136	16,446	17,212	17,829
Eleventh	15,557	15,421	16,160	16,536
Twelfth	14,824	14,954	14,971	15,388
TOTAL	223,314	218,943	224,149	224,538

Source: Florida Department of Education (<http://fldoe.org>).

2. Individual School Enrollment and Waitlist

- i. Can you break this out by building rather than Charter? That would be helpful
 - Please see Exhibit A for what we have prepared for the school to confirm and add in the necessary data to the areas shown highlighted.

- ii. Current declining enrollment at each campus. Not substantial but needs to be addressed.
 - Enrollment declines were based on restructuring that began in 22 (went from block scheduling and self-contained classrooms in 22 and returned to departmentalized format this year). The Campus Director implemented this strategy as a means to increase the school grade. It was a departure from the school's normal operations. It didn't yield the results expected. The Campus Director was terminated, and the school went back to the old way of doing things (along with the changes noted in Academic Next Steps). Block scheduling and self-contained classrooms required more space and smaller class sizes.

- iii. Provide color behind the decision at KCC Riverview South to close down their high school. Additionally, how are they confident they can grow 150 kids offering 4 less grades in the future?
 - The shift to K-8 has not had a negative effect in enrollment. The enrollment increased to be near building capacity for the 2023-24 school year.

3. Purchase Price

- i. In particular the St Charles Campus – appraised for \$1.5MM less than what it is being bought for. How was the purchase price determined? Despite taking the property at an AOC, providing 123% financing is a tough ask.
 - The purchase prices of both the St Charles and IB middle campuses were both determined on an "arm's length based on cap rate."
- ii. Same question on the IB middle campus. Although the appraisal supports the purchase price, still curious as to how the purchase price was determined. The seller appears to be a related entity, so maybe it is a two part deal. When does their current purchase price agreement expire? Have they had to go hard with any money to date? The contract expired on 9/30/23. However, we have been in communication with the seller and they will honor the purchase price with a new closing date.
 - The purchase prices of both the St Charles and IB middle campuses were both determined on an "arm's length based on cap rate."

4. Leases

- i. Are we able to review the leases that will stay in place with the Wonderful Foundation?
 - Please see Exhibit B

5. Management

- i. Our understanding is there is some upcoming turnover at the top due to health reasons. Is this reflected in the Investor Deck provided or is there an update to that?
 - According to the PLOM supplement, Mr. Kilpatrick is currently recovering from a health event in August 2023 classified as a transient ischemic event for which he was prescribed medication. While Mr. Kilpatrick's medical event has not prevented him from performing his duties with respect to the Schools, the District Office had already implemented certain strategic hires to ensure continued operations should future circumstances require Mr. Kilpatrick's replacement for any reason. This includes the hiring of Ms. Blackmon and Ms. Sanders, whose biographies are provided above. Additionally, an educational consulting firm was hired in July 2022 to begin one-on-one mentorship with Campus Directors, Assistant Campus Directors and executives to ensure a commitment to excellence, innovation, ownership, trust, cohesion, alignment and efficacy across the organization. Should a vacancy arise among any District Office staff, the Board would be responsible for filling such vacancy.

6. Take Out

- i. We would be able to propose with I/O payments as we discussed but will need a solidified take out. This goes back to the lease questions with potential purchase options possible? As there is no construction or stabilization risk, I assume we are solely dependent on the market softening to a rate where they are more comfortable with perm financing?
 - The takeout will be long term financing-either bond or direct bank purchase. Long term financing is currently available in the bond market though at prohibitively higher rates and with a 7-year call lockout at a minimum. With the increase in funding over the next couple of years and stabilized enrollment with the new K-3 focus, the school can easily absorb the debt service and will have access to long term financing. In addition, the two buildings not currently part of the obligated group will likely be available for purchase from Wonderful Foundations, resulting in a clean obligated group from both a revenue and asset pledge perspective. This proposed financing structure will allow the school to acquire the two buildings available for purchase now at still attractive prices without locking the school into a higher cost of capital.

Exhibit A

Historical, Current, and Projected Enrollment

The tables below show, by grade level, each School's historical enrollment for the periods indicated, current enrollment as of the start of the 2023-24 school year and the projected enrollment for the 2024-25 through 2028-29 school years.

Table 10-A: KCC Riverview South

Year	Kind	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Total	% Change
2017-18	54	54	53	54	65	66	82	68	66	57	26	-	-	645	0.0%
2018-19	53	56	53	54	67	65	68	85	67	84	58	23	-	733	13.6
2019-20	55	53	54	54	69	65	78	66	73	90	69	49	18	793	8.2
2020-21	53	55	53	54	60	67	84	71	68	46	41	52	39	743	-6.3
2021-22	54	55	54	52	67	66	69	88	68	43	34	40	36	726	-2.3
2022-23	54	54	54	54	53	69	70	57	81	26	24	28	25	649	-10.6
2023-24	124	108	108	108	66	66	69	85	66	-	-	-	-	800	23.3
2024-25	126	125	116	110	66	66	70	80	66	-	-	-	-	825	3.1
2025-26	126	126	120	119	66	66	75	91	66	-	-	-	-	855	3.6
2026-27	126	126	120	119	66	66	75	91	66	-	-	-	-	855	0.0
2027-28	126	126	120	119	66	66	75	91	66	-	-	-	-	855	0.0
2028-29	126	126	120	119	66	66	75	91	66	-	-	-	-	855	0.0

**Sub-Table 10-A-1 – KCC Riverview South - Enrollment by Facility:
10550 Johanna Avenue, Riverview, FL 33578**

Year	Kind	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Total	% Change
2017-18	-	-	-	-	-	-	-	-	-	57	26	-	-	83	0.0%
2018-19	-	-	-	-	-	-	-	-	-	84	58	23	-	165	98.8
2019-20	-	-	-	-	-	-	-	-	-	90	69	49	18	226	37.0
2020-21	-	-	-	-	-	-	-	-	-	46	41	52	39	178	-21.2
2021-22	-	-	-	-	-	-	-	-	-	43	34	40	36	153	-14.0
2022-23	-	-	-	-	-	-	-	-	-	26	24	28	25	103	-32.7
2023-24	<i>need</i>				-	-	-	-	-	-	-	-	-		
2024-25	<i>need</i>				-	-	-	-	-	-	-	-	-		
2025-26	<i>need</i>				-	-	-	-	-	-	-	-	-		
2026-27	<i>need</i>				-	-	-	-	-	-	-	-	-		
2027-28	<i>need</i>				-	-	-	-	-	-	-	-	-		
2028-29	<i>need</i>				-	-	-	-	-	-	-	-	-		

**Sub-Table 10-A-2 – KCC Riverview South - Enrollment by Facility:
10330 Mathog Road, Riverview, FL 33578**

Year	Kind	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Total	% Change
2017-18	54	54	53	54	65	66	82	68	66	-	-	-	-	562	0.0%
2018-19	53	56	53	54	67	65	68	85	67	-	-	-	-	568	1.1
2019-20	55	53	54	54	69	65	78	66	73	-	-	-	-	567	-0.2
2020-21	53	55	53	54	60	67	84	71	68	-	-	-	-	565	-0.4
2021-22	54	55	54	52	67	66	69	88	68	-	-	-	-	573	1.4
2022-23	54	54	54	54	53	69	70	57	81	-	-	-	-	546	-4.7
2023-24	<i>need</i>				66	66	69	85	66	-	-	-	-		
2024-25	<i>need</i>				66	66	70	80	66	-	-	-	-		
2025-26	<i>need</i>				66	66	75	91	66	-	-	-	-		
2026-27	<i>need</i>				66	66	75	91	66	-	-	-	-		
2027-28	<i>need</i>				66	66	75	91	66	-	-	-	-		
2028-29	<i>need</i>				66	66	75	91	66	-	-	-	-		

Table 10-B: Southeast IB School

Year	Kind	1st	2nd	3rd	4th	5th	6th	7th	8th	Total	% Change
2017-18	71	50	50	67	57	57	71	63	22	508	0.0%
2018-19	65	72	52	50	58	56	63	66	64	546	7.5
2019-20	56	67	72	57	58	60	75	65	70	580	6.2
2020-21	54	58	60	74	54	62	59	78	58	557	-4.0
2021-22	69	59	66	65	65	59	65	64	80	592	6.3
2022-23	55	54	46	55	43	59	66	56	59	493	-16.7
2023-24	72	54	54	54	68	66	88	64	66	586	18.9
2024-25	72	68	67	67	65	65	65	65	65	599	2.2
2025-26	72	69	68	66	66	66	66	66	66	605	1.0
2026-27	72	71	70	68	68	68	66	66	66	615	1.7
2027-28	72	71	70	68	68	68	66	66	66	615	0.0
2028-29	72	71	70	68	68	68	66	66	66	615	0.0

**Sub-Table 10-B-1: Southeast IB School Enrollment by Facility:
IB Elementary Campus (K-5): 11519 McMullen Rd., Riverview, FL 33569**

Year	Kind	1st	2nd	3rd	4th	5th	6th	7th	8th	Total	% Change
2017-18	71	50	50	67	57	57	-	-	-	352	0.0%
2018-19	65	72	52	50	58	56	-	-	-	353	7.5
2019-20	56	67	72	57	58	60	-	-	-	370	6.2
2020-21	54	58	60	74	54	62	-	-	-	362	-4.0
2021-22	69	59	66	65	65	59	-	-	-	383	6.3
2022-23	55	54	46	55	43	59	-	-	-	312	-16.7
2023-24	72	54	54	54	68	66	-	-	-	368	18.9
2024-25	72	68	67	67	65	65	-	-	-	404	2.2
2025-26	72	69	68	66	66	66	-	-	-	407	1.0
2026-27	72	71	70	68	68	68	-	-	-	417	1.7
2027-28	72	71	70	68	68	68	-	-	-	417	0.0
2028-29	72	71	70	68	68	68	-	-	-	417	0.0

**Table 10-B-2: Southeast IB School Enrollment by Facility
IB Middle Campus (6-8): 11513 McMullen Road, Riverview, FL 33569**

Year	Kind	1st	2nd	3rd	4th	5th	6th	7th	8th	Total	% Change
2017-18	-	-	-	-	-	-	71	63	22	156	0.0%
2018-19	-	-	-	-	-	-	63	66	64	193	23.7
2019-20	-	-	-	-	-	-	75	65	70	210	8.8
2020-21	-	-	-	-	-	-	59	78	58	195	-7.1
2021-22	-	-	-	-	-	-	65	64	80	209	7.2
2022-23	-	-	-	-	-	-	66	56	59	181	-13.4
2023-24	-	-	-	-	-	-	88	64	66	218	20.4
2024-25	-	-	-	-	-	-	65	65	65	195	-10.6
2025-26	-	-	-	-	-	-	66	66	66	198	1.5
2026-27	-	-	-	-	-	-	66	66	66	198	0.0
2027-28	-	-	-	-	-	-	66	66	66	198	0.0
2028-29	-	-	-	-	-	-	66	66	66	198	0.0

Waitlist

When a charter school receives applications that exceed the capacity of a program, grade, class or building, applicants who apply prior to the annual lottery deadline are selected through a random selection process. Students who are not selected through the lottery and have submitted a complete application for admission will be placed on a waiting list. As openings become available, the next in line on the waiting list will be notified of the opening by email and a phone call. Parents have five (5) business days to accept the student's position and to complete the enrollment process. If the parent does not respond within five (5) business days, the slot will be offered to the next student on the waiting list. If a student is on the waiting list and he/she declines a slot when offered, he/she will be removed from the list and be required to submit another complete application for admission in the process described above. If there is a waiting list from the previous enrollment period, those students will be placed in the lottery for the upcoming year and a new waiting list will be generated.

**Table 11-A: KCC Riverview South Upper School - Waitlist Data
10550 Johanna Avenue, Riverview, FL 33578**

Year	State Reported Enrollment	Students Returning From Previous Year	Waiting List At Start of Year
2017-18	-	-	-
2018-19	165	-	-
2019-20	226	147	87
2020-21	178	160	221
2021-22	-	-	-
2022-23	-	-	-

**Table 11-B: KCC Riverview South Lower School - Waitlist Data
10030 Mathog Road, Riverview, FL 33578**

Year	State Reported Enrollment	Students Returning From Previous Year	Waiting List At Start of Year
2017-18	561	492	295
2018-19	565	490	180
2019-20	573	496	287
2020-21	567	497	334
2021-22	709	620	177
2022-23	658	640	193

[Remainder of page intentionally left blank]

**Table 11-C: IB Elementary Campus – Waitlist
11519 McMullen Road, Riverview, FL 33569**

Year	State Reported Enrollment	Students Returning From Previous Year	Waiting List At Start of Year
2017-18	-	-	-
2018-19	353	298	77
2019-20	370	327	89
2020-21	362	305	107
2021-22	383	322	125
2022-23	493	430	202

**Table 11-D: IB Middle Campus – Waitlist
11513 McMullen, Riverview, FL 33569**

Year	State Reported Enrollment	Students Returning From Previous Year	Waiting List At Start of Year
2017-18	-	-	-
2018-19	193	127	62
2019-20	210	136	82
2020-21	195	158	66
2021-22	209	160	46
2022-23	-	-	-

RESOLUTION NO. 24-23

A RESOLUTION OF THE GOVERNING BOARD OF THE CAPITAL TRUST AUTHORITY, SUPERSEDING ITS RESOLUTION NO. 13-23, ADOPTED ON JULY 20, 2023, TO READ AS FOLLOWS:

A RESOLUTION OF THE GOVERNING BOARD OF THE CAPITAL TRUST AUTHORITY AWARDDING THE SALE OF NOT TO EXCEED \$16,500,000 CAPITAL TRUST AUTHORITY EDUCATIONAL FACILITIES LEASE REVENUE BONDS (KID'S COMMUNITY COLLEGE SCHOOLS PROJECTS), IN ONE OR MORE SERIES OF TAX-EXEMPT QUALIFIED 501(C)(3) BONDS OR TAXABLE BONDS, OR BOTH, FOR THE PURPOSE OF FINANCING A LOAN PROGRAM TO FINANCE OR REFINANCE, INCLUDING THROUGH REIMBURSEMENT, ALL OR A PORTION OF THE COSTS OF THE ACQUISITION OF THE HEREIN DESCRIBED FACILITIES; AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCING AGREEMENT FOR SUCH BONDS; PROVIDING CERTAIN OTHER DETAILS IN CONNECTION WITH THE BONDS; PROVIDING FOR A SEVERABILITY CLAUSE AND A REPEALER CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Capital Trust Authority (the "Issuer") is a legal entity duly created and a public agency duly organized and validly existing under the laws of the State of Florida (the "State") established for the purposes set forth under Section 163.01, Florida Statutes, Chapter 166, Part II, Florida Statutes, Chapter 617, Florida Statutes, and Chapter 159, Florida Statutes, each as amended; Resolution No. 14-22, duly adopted by the City Council of the City of Gulf Breeze, Florida ("Gulf Breeze"), on June 6, 2022, as amended by Resolution No. 46-22, duly adopted by the City Council of Gulf Breeze on November 21, 2022; Ordinance Number 04-00, enacted by the City Council of Gulf Breeze on May 15, 2000; Resolution No. 1424-2022, duly adopted by the City Commission of the City of Quincy, Florida ("Quincy"), on May 24, 2022; the City Charter of Gulf Breeze; the City Charter of Quincy; the Interlocal Agreement dated as of June 6, 2022, between Gulf Breeze and Quincy, as may be amended and supplemented from time-to-time; with powers as a "local agency" under Chapter 159, Part II, Florida Statutes, and together with all of the home rule powers granted by the Constitution and laws of the State and all other applicable provisions of law (collectively, the "Act"), and is empowered pursuant to the Act to sell and deliver its revenue bonds for the purpose of financing or refinancing, including through reimbursement, and advancing the general welfare of the State and its people by providing for educational facilities, as defined by the Act; and

WHEREAS, pursuant to the Act, the Issuer may issue its revenue bonds for the purpose of developing and maintaining the public welfare and relieving the burdens of government by

financing or refinancing capital facilities for for-profit and non-profit organizations and for participating public agencies within and without the State, including the Issuer; and

WHEREAS, the Issuer has been requested by KCCCS Holdings LLC, a Florida limited liability company (the "Borrower"), whose sole member is Kid's Community College Charter School, Inc., a Florida not for profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), whose principal place of business is 11513 McMullen Road, District Office, Riverview, Florida 33569, to issue its revenue bonds to finance the Project (as hereinafter defined) on behalf of the Borrower and fund the loan program herein described (collectively, the "Plan of Finance") for the purpose, among other things, of financing or refinancing, including through reimbursement, the acquisition of the Facilities (as hereinafter defined); and

WHEREAS, pursuant to the Act and the Plan of Finance, the Issuer did on May 11, 2023, duly adopt Resolution No. 07-23 (the "Inducement Resolution") expressing its intent to issue its not to exceed \$16,500,000 Educational Facilities Lease Revenue Bond, in one or more series of tax-exempt qualified 501(c)(3) bonds or taxable bonds, or both (collectively, the "Bonds") and authorizing a loan program (the "Program") to loan the proceeds thereof to the Borrower for the purpose of financing or refinancing, including through reimbursement, (i) the acquisition, of the educational facilities, as more particularly described on Schedule I attached hereto, which, by this reference thereto, is incorporated herein (collectively, the "Facilities"); and (ii) the payment of certain costs of issuing the Bonds (collectively, the "Project"); and

WHEREAS, by the Inducement Resolution and this Resolution, approvals will have been duly and validly provided for pursuant to the Act to issue revenue bonds for the purpose of providing funds to finance or refinance all or any part of the cost of the Project, and the Issuer now desires to issue, sell and deliver its Bonds in an aggregate principal amount of not to exceed \$16,500,000, pursuant to a Financing Agreement more particularly described herein (the "Financing Agreement") among the Issuer, the Borrower and Axos Bank (the "Lender"); and

WHEREAS, pursuant to Section 147(f) of the Code, a telephonic public hearing was scheduled with respect to the Project and held on behalf of the county in which the Project is located (the "County") on June 22, 2023, and the elected representative approval was received from the Governor of the State, as an applicable elected representative of the State (the "Host Jurisdiction"), on July 13, 2023; and

WHEREAS, pursuant to Section 147(f) of the Code, a public hearing was scheduled and held on behalf of the Issuer on June 20, 2023, in the City Council Chambers located at 1070 Shoreline Drive, Gulf Breeze, Florida 32561, and the elected representative approval was received on June 20, 2023; and

WHEREAS, the Issuer has determined that issuing its Bonds for the purposes of financing or refinancing the Project serves a public purpose and is in the best interest of the citizens and residents of the County, the Host Jurisdiction and the people of the State, to implement the

Program through the financing or refinancing of the Project, and to loan the proceeds of the Bonds to the Borrower pursuant to the Financing Agreement; and

WHEREAS, the Issuer hereby finds that the timing, size and complexity of the financing and the present volatility of the municipal bond market require that the terms of each series of the Bonds being hereby sold be negotiated at private sale to the Lender rather than offered by competitive bid at public sale in order to assure the most favorable terms in the bond market and, therefore, has determined to sell such Bonds at private, negotiated sale.

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE CAPITAL TRUST AUTHORITY:

Section 1. Issuance of Bonds.

The Bonds shall be issued in one or more series of tax-exempt qualified 501(c)(3) bonds or taxable bonds, or both, designated "Educational Facilities Lease Revenue Bonds (Kid's Community College Schools Projects)" and with such series designation and additional descriptive titles as may be set forth in the Financing Agreement, the aggregate principal amount of the Bonds being not to exceed \$16,500,000. The proceeds of the Bonds shall be used to fund the financing or refinancing, including through reimbursement, of the Project by making a loan to the Borrower in the manner described in the Financing Agreement.

Section 2. Award of Bonds.

The matters set forth in the last preamble hereof, require that the Bonds be negotiated at private sale to a purchaser selected by the Borrower and approved by the Issuer, rather than offered by competitive bid at public sale, to assure the necessary flexibility to obtain the most favorable terms in the bond market. The Issuer finds that a competitive sale of the Bonds would in all likelihood not result in better terms or interest rates than the negotiated sale of the Bonds. The sale of the Bonds to the Lender is hereby authorized pursuant to Section 218.385, Florida Statutes, as amended.

The interest rate on the Bonds shall be established as provided in the Financing Agreement but in any event shall not exceed the maximum rate permitted by law. The Bonds shall be sold for a price not less than 95% of the principal amount thereof, plus accrued interest, if any, with the exact price to be set forth in the Financing Agreement. The form of Lender's Disclosure Certificate attached hereto as Exhibit A, which, by this reference thereto, is incorporated herein, is hereby accepted and placed on record in the minutes of the Issuer.

Section 3. Description of the Bonds.

The Bonds shall be issued in fully registered form, shall be dated, shall mature on the date or dates, and shall bear interest in the manner as shall be set forth in the Financing Agreement.

Section 4. Redemption Provisions.

The Bonds shall be subject to redemption or prepayment prior to maturity upon the terms and in the manner as shall be set forth in the Financing Agreement.

Section 5. Approval of Documents.

The Financing Agreement in substantially the form attached hereto as Exhibit B, which, by this reference thereto, is incorporated herein, the other documents referred to therein, a tax certificate and other documents necessary or desirable to implement the financing or refinancing of the Project (collectively, the "Bond Documents"), are hereby approved and shall be executed by the Chair, Vice-Chair or Executive Director of the Issuer, with such provisions or modifications not inconsistent with this Resolution as may be approved by the officers executing the same, such approval to be presumed by their execution thereof.

Section 6. Designation of Professional Advisors.

The Issuer hereby designates and approves Bryant Miller Olive P.A., Tampa, Florida, as Bond Counsel ("Bond Counsel") and as Issuer's Counsel ("Issuer's Counsel"), and such other professional advisors as the Chair, Vice-Chair or Executive Director may designate.

Section 7. Designation of Lender.

Axos Bank is hereby designated and approved as Lender for the Bonds.

Section 8. Authorization of all Other Necessary Action.

(a) The Chair, Vice-Chair, Secretary, Assistant Secretary, Executive Director of the Issuer, Issuer's Counsel and Bond Counsel are each designated agents of the Issuer in connection with the issuance and delivery of the Bonds, and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents, investments or contracts on behalf of the Issuer which are necessary or desirable in connection with the sale, execution and delivery of the Bonds and the Bond Documents which are not inconsistent with the terms and provisions of this Resolution and other actions relating to the Bonds and the Bond Documents heretofore taken by the Issuer.

(b) In addition, subsequent to the issuance of the Bonds, the Chair, Vice-Chair, Secretary, Executive Director and Bond Counsel for the Issuer are each designated agents of the Issuer in connection with refunding or refinancing of the Bonds, and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents, investments or contracts on behalf of the Issuer which are necessary or desirable in connection with the refunding or refinancing of the Bonds which comply

with the terms of the Bond Documents. Notwithstanding the foregoing, the authority granted in this Section 8(b) shall not be construed as authority for the issuance of new debt by the Issuer to be applied to the refunding or refinancing of the Bonds.

Section 9. Public Purpose Determinations.

Based solely upon information provided by the Borrower, the Issuer, as a "local agency" pursuant to Chapter 159, Part II, Florida Statutes, hereby makes the following determinations:

(i) the Facilities are appropriate to the needs and circumstances of, and make a significant contribution to the economic growth of the County and the State, provide or preserve gainful employment, promote commerce within the State, serve a public purpose by providing educational facilities within the meaning of Chapter 159, Part II, Florida Statutes, and advance the economic prosperity and the general welfare of the State and its people;

(ii) the Borrower is the financially responsible party and is fully capable and willing to fulfill (A) its obligations under the financing documents, including the obligation of the Borrower to make loan repayments under the Financing Agreement in the amounts and at the times required to provide for the timely payment of the principal of, premium, if any, and interest on the Bonds herein authorized, and (B) all other obligations and responsibilities imposed under the financing documents;

(iii) the County is able to cope satisfactorily with the impact of the Facilities and is able to provide, or cause to be provided when needed, the public facilities, including utilities and public services, necessary for the Facilities, including operation, repair and maintenance thereof and on account of any increase in population or other circumstances resulting therefrom;

(iv) adequate provision will be made in the financing documents for the operation, repair and maintenance of the Facilities at the expense of the Borrower and for the payment by the Borrower of certain fees and expenses incurred in connection with the issuance of the Bonds, and that the loan repayments under the Financing Agreement are sufficient to pay the principal of, premium, if any, and interest on the Bonds herein authorized; and

(v) the Facilities constitute a "project" within the meaning of the Act.

In accordance with Section 159.29, Florida Statutes, the foregoing determinations of public purpose shall be final and conclusive.

Section 10. No Third Party Beneficiaries.

Unless specifically noted, nothing in this Resolution or in the Bond Documents, express or implied, is intended or shall be construed to confer upon any person other than the Issuer, the

Borrower and the Lender any right, remedy or claim, legal or equitable, under and by reason of any provision of this Resolution or of the Bond Documents. This Resolution and the Bond Documents are for the sole and exclusive benefit of the Issuer, the Borrower and the Lender.

Section 11. Severability.

In case any one or more of the provisions of this Resolution, the Bond Documents or the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Resolution, the Bond Documents or the Bonds, as the case may be, and they shall be construed and enforced without consideration of such illegal or invalid provisions.

Section 12. No Personal Liability.

No covenant, stipulation, obligation or agreement contained in this Resolution or contained in the Bond Documents, the Bonds, or any instrument contemplated by each shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, member, agent or employee of the Issuer in his or her individual capacity, and no member of the Issuer executing the Bonds or other documents related to the issuance of the Bonds including those approved by this Resolution shall be liable personally for such documents or the obligations under each, or be subject to any personal accountability by reason of his or her delivery or execution of such documents on behalf of the Issuer.

Section 13. Superseding Clause.

All provisions of resolutions of the Issuer in conflict with the provisions of this Resolution, including, in particular, Resolution No. 13-23, duly adopted by the Issuer on July 20, 2023, are, to the extent of such conflict, hereby superseded.

[Remainder of Page Intentionally Left Blank]

Section 14. Effective Date. This Resolution shall take effect immediately upon its adoption

Adopted on December 7, 2023.

CAPITAL TRUST AUTHORITY

By: _____
Its: Chair

ATTEST:

By: _____
Its: Secretary

CERTIFICATE OF SECRETARY

I, Robert F. Cleveland, Secretary to the Capital Trust Authority, do hereby certify that the above and foregoing is a true and correct copy of Resolution No. 24-23 and supporting exhibits as the same were duly adopted and passed at a public meeting of the Capital Trust Authority on the 7th day of December, 2023, and as the same appears on record in my office.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this ___ day of December, 2023.

By: _____
Secretary

EXHIBIT A

FORM OF LENDER'S DISCLOSURE CERTIFICATE

Axos Bank (the "Lender"), as sole purchaser of the herein defined Bond, has negotiated with the Capital Trust Authority (the "Issuer") for the private purchase of its Educational Facilities Lease Revenue Bonds (Kid's Community College Schools Projects), Series 2023 (the "Bonds"), in the principal amount of \$_____. Prior to the award of the Bond, the following information is hereby furnished to the Issuer:

1. Set forth is an itemized list of the nature and estimated amounts of expenses to be incurred for services rendered to the Lender in connection with its purchase of the Bonds [(such fees and expenses to be paid by the Borrower)]:

[Lender's Counsel]: \$_____

2. (a) No other fee, bonus or other compensation is estimated to be paid by the Lender in connection with its purchase of the Bonds to any person not regularly employed or retained by the Lender (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Lender, as set forth in paragraph (1) above.

(b) No person has entered into an understanding with the Lender, or to the knowledge of the Lender, with the Issuer, for any paid or promised compensation or valuable consideration, directly or indirectly, expressly or implied, to act solely as an intermediary between the Issuer and the Lender or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the Bond.

3. The origination fee to be charged by the Lender is [_____].

4. No underwriting spread is expected to be realized by the Lender.

5. No management fee is to be charged by the Lender.

6. Truth-in-Bonding Statement:

The Bonds are being issued for the purpose of financing or refinancing, including through reimbursement, (i) the acquisition, of the educational facilities, as more particularly described on Schedule I attached hereto, which, by this reference thereto, is incorporated herein (collectively, the "Facilities"); and (ii) the payment of certain costs of issuing the Bonds (as described in the Financing Agreement dated as of _____, 2023, by and among the Lender, the Issuer and the KCCCS Holdings LLC, a Florida limited liability company (the "Borrower")). This debt or obligation is expected to be repaid over a period of [__] years. Total interest paid over the life of

the debt or obligation, assuming an interest rate (total interest cost) of [_____] per annum, will be approximately \$[_____].

The source of repayment and security for this proposal to issue the Bonds is exclusively limited to certain revenues derived from the Borrower pursuant to the Financing Agreement. Because (a) such revenues may not be used by the Issuer for any purpose other than the purposes set forth in the Financing Agreement, (b) the Issuer has no taxing power and the taxing power of the Issuer and the State of Florida is not pledged or involved in the Bond, (c) the Bonds and the interest thereon do not constitute a debt of the Issuer within the meaning of any constitutional or statutory provision, and (d) the faith and credit of the Issuer are not pledged to the payment of the principal of or the interest on the Bond, authorizing this debt or obligation will not result in any moneys not being available to the Issuer to finance other transactions each year for the [__] year term of the Bond. We understand that the Issuer does not require any further disclosure from the Lender pursuant to Section 218.385, Florida Statutes.

7. The name and address of the Lender are as follows:

Axos Bank
7103 South Revere Parkway
Centennial, Colorado 80112
Attention: [James Sult]

IN WITNESS WHEREOF, the undersigned has executed this Disclosure Letter on behalf of the Lender this ____ day of _____, 2023.

AXOS BANK

By: _____
Name: _____
Title: Authorized Signatory

[INSERT SCHEDULE I]

EXHIBIT B
FORM OF FINANCING AGREEMENT

SCHEDULE I

DESCRIPTION OF THE FACILITIES

The Facilities consists primarily of (i) an existing approximately 24,729 square foot charter school facility, to accommodate approximately 275 students in grades K-3 previously known as "Kid's Community College Riverview South," and now known as "Riverview Lake St. Charles," located on approximately 3.67 acres of land, located at 10550 Johanna Avenue, Riverview, Hillsborough County, Florida 33578, including related facilities, fixtures, furnishings and equipment (and constituting the Lake St. Charles Campus of the KCC Riverview South School); and (ii) an existing approximately 127,630 square foot charter school facility, to accommodate approximately 220 students in grades 6-8 known as "Southeast International Baccalaureate School," located on approximately 2.929 acres of land, located at 11513 McMullen Road, Riverview, Hillsborough County, Florida 33569, including related facilities, fixtures, furnishings and equipment (constituting the IB Middle Campus of the Southeast IB School).

Capital Trust Authority

12/7/2023

Capital Trust Authority Board of Directors

From: Denis A. McKinnon, III

CTA Pipeline Report

The purpose of this report is to provide you with information concerning projects that have either 1) sent applications to CTA that have not yet come to the Board for Inducement, 2) have been Induced and not yet been brought to the Board for final action, or 3) are brief reminders of projects before the Board.

Heritage Park

Inducement Date	1/25/2023
Inducement Amount	\$75,000,000
Project Type	Affordable Housing
Location	Sanford, FL
General Overview	The developers of Heritage Park are under contract with the City of Sanford to construct and develop a complete redevelopment of the downtown area. The City of Sanford voted to not approve the TEFRA resolution. This transaction is on hold pending further developments and will be removed from future pipeline reports.

Kid's Community College Charter Schools

Inducement Date	5/11/2023
Inducement Amount	\$16,500,000
Project Type	Public Charter School
Location	Riverview, FL
General Overview	KCCCS operates 4 charter schools in Riverview, FL. The CTA Board met and approved a final resolution authorizing the issuance of the bonds on July 20. The bonds will finance the acquisition of 2 currently leased facilities. KCC has received a terms letter from a bank for tax-exempt bank financing. This will require approval by the CTA Board.

Independence Classical Academy

Inducement Date	7/20/2023
Inducement Amount	\$25,000,000
Project Type	Public Charter School
Location	Ft. Pierce, FL
General Overview	Independence Classical submitted an application to finance the construction of its charter school facilities and refinance existing debt. The project is expected to close during the 1Q24

Capital Trust Authority

Orlando College of Osteopathic Medicine

Inducement Date	10/17/2023
Inducement Amount	\$145,000,000
Project Type	Higher Education
Location	Orlando, FL
General Overview	OCOM is a start up college seeking to fill the need for Osteopathic practitioners in Florida. Butler Snow as Bond Counsel is drafting legal documents and expects to close in February of 2024.

Creative Learning Academy

Inducement Date	10/17/2023
Inducement Amount	\$9,500,000
Project Type	Private School
Location	Pensacola, FL
General Overview	Creative Learning Academy is a private school located in Pensacola, FL. The borrower has requested financing to build new facilities on the campus. This project is before the board for final approval on 11/16. The project is expected to close on December 7.

AcadeMir Charter School West High School

Inducement Date	11/16/2023
Inducement Amount	\$17,500,000
Project Type	Public Charter School
Location	Miami, FL
General Overview	AcadeMir operates multiple charter schools in the Miami area. The schools have more than 1,000 student waitlist. Capital Trust Agency and Capital Trust Authority have issued bonds on behalf of AcadeMir 4 times. This is the operator's next charter school to be located in Miami, FL. The project is expected to close by end of year.

IDEA Public Schools, Inc.

Inducement Date	11/16/2023
Inducement Amount	\$84,000,000
Project Type	Workforce Housing
Location	Sumter County, FL
General Overview	IPS is a national charter school operator having locations stretching from California to Florida. IPS opened 4 charter schools in Tampa and Jacksonville, FL in the Fall of 2021. Proceeds on the 2023 bonds will be used to refinance existing debt on the 4 campuses. The project is expected to close on December 21.

Capital Trust Authority

Mohawk Valley Solid Waste

Inducement Date	11/16/2023
Inducement Amount	\$45,000,000
Project Type	Workforce Housing
Location	Sumter County, FL
General Overview	The project will consist of the land acquisition and construction of a solid waste disposal site in Walton County. The project is expected to close in early 2024.

Sumter County Workforce Housing

Inducement Date	Pending
Inducement Amount	\$40,000,000
Project Type	Workforce Housing
Location	Sumter County, FL
General Overview	This borrower is in the process of completing an application to the CTA. The project will consist of the land acquisition and construction of a workforce housing project in Sumter County, FL. The project is expected to close by end of year.