FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT

ACADEMY PREP CENTER OF ST. PETERSBURG, INC.

May 31, 2025 and 2024

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RIVERO, GORDIMER & COMPANY, P.A.
CPAS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Academy Prep Center of St. Petersburg, Inc.

Opinion

We have audited the accompanying financial statements of Academy Prep Center of St. Petersburg, Inc. (a nonprofit organization), which comprise the statements of financial position as of May 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 Academy Prep Center of St. Petersburg, Inc. as of May 31, 2025 and 2024, 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. 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 Academy Prep Center of St. Petersburg, Inc. 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 Academy Prep Center of St. Petersburg, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 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, 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 Academy Prep Center of St. Petersburg, Inc.'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 Academy Prep Center of St. Petersburg, Inc.'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.

Tampa, Florida
November 17, 2025

Rivero, Gordimer & Company, P.A

Academy Prep Center of St. Petersburg, Inc.

STATEMENTS OF FINANCIAL POSITION

May 31,

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 491,644	$ 368,459
Other receivables	11,192	15,217
Due from related organizations (note B)	4,198	-
Other current assets	4,515	25,040
Total current assets	511,549	408,716
Interest in net assets of Academy Prep Foundation, Inc. (note F)	19,361,832	17,933,019
Property and equipment, net (note E)	470,142	362,414
TOTAL ASSETS	$ 20,343,523	$ 18,704,149
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 1,567	$ 69
Accrued expenses	92,700	79,307
Due to related organizations (note B)	-	12,873
Total liabilities	94,267	92,249
NET ASSETS		
Without donor restrictions		
Operating	16,442,048	15,097,145
Investment in property and equipment	470,142	362,414
Total without donor restrictions	16,912,190	15,459,559
With donor restrictions (note H)	3,337,066	3,152,341
Total net assets	20,249,256	18,611,900
TOTAL LIABILITIES AND NET ASSETS	$ 20,343,523	$ 18,704,149

The accompanying notes are an integral part of these statements.

Academy Prep Center of St. Petersburg, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended May 31, 2025
(With summarized comparative totals for year ended May 31, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
REVENUE AND SUPPORT				
Contributions and grants	$ 582,859	$ -	$ 582,859	$ 1,606,189
Support from Academy Prep Foundation, Inc.	888,030	-	888,030	420,841
Tuition - scholarship funded (note J)	977,233	-	977,233	998,136
Special events, net of expenses of $206,919	751,287	-	751,287	897,434
Federal school lunch program	120,391	-	120,391	125,564
Program revenue	14,813	-	14,813	31,106
Other income	19,769	-	19,769	9,800
Total revenue and support	3,354,382	-	3,354,382	4,089,070
Net assets released from restrictions	161,877	(161,877)	-	-
Total revenue, support and net assets released from restrictions	3,516,259	(161,877)	3,354,382	4,089,070
EXPENSES				
Program services	3,011,665	-	3,011,665	2,714,151
Management and general	381,987	-	381,987	325,173
Fundraising	357,677	-	357,677	389,321
Total expenses	3,751,329	-	3,751,329	3,428,645
Change in net assets from operations	(235,070)	(161,877)	(396,947)	660,425
Change in interest in net assets of Academy Prep Foundation, Inc.	1,687,701	346,602	2,034,303	2,349,395
CHANGE IN NET ASSETS	1,452,631	184,725	1,637,356	3,009,820
Net assets at beginning of year	15,459,559	3,152,341	18,611,900	15,602,080
Net assets at end of year	$ 16,912,190	$ 3,337,066	$20,249,256	$18,611,900

The accompanying notes are an integral part of these statements.

Academy Prep Center of St. Petersburg, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended May 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions and grants	$ 1,548,383	$ 57,806	$ 1,606,189
Support from Academy Prep Foundation, Inc.	420,841	-	420,841
Tuition - scholarship funded (note J)	998,136	-	998,136
Special events, net of expenses of $193,694	897,434	-	897,434
Federal school lunch program	125,564	-	125,564
Program revenue	31,106	-	31,106
Other income	9,800	-	9,800
Total revenue and support	4,031,264	57,806	4,089,070
Net assets released from restrictions	158,752	(158,752)	-
Total revenue, support and net assets released from restrictions	4,190,016	(100,946)	4,089,070
EXPENSES			
Program services	2,714,151	-	2,714,151
Management and general	325,173	-	325,173
Fundraising	389,321	-	389,321
Total expenses	3,428,645	-	3,428,645
Change in net assets from operations	761,371	(100,946)	660,425
Change in interest in net assets of Academy Prep Foundation, Inc.	1,916,260	433,135	2,349,395
CHANGE IN NET ASSETS	2,677,631	332,189	3,009,820
Net assets at beginning of year	12,781,928	2,820,152	15,602,080
Net assets at end of year	$ 15,459,559	$ 3,152,341	$18,611,900

The accompanying notes are an integral part of this statement.

Academy Prep Center of St. Petersburg, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended May 31, 2025
(With summarized comparative totals for year ended May 31, 2024)

	Program Services	Management and General	Fundraising	Total 2025	Total 2024
Salaries and wages	$ 1,499,269	$ 277,010	$ 243,434	$ 2,019,713	$ 1,777,652
Taxes and benefits	355,345	33,785	49,547	438,677	386,782
Total salaries and related expenses	1,854,614	310,795	292,981	2,458,390	2,164,434
Other expenses					
Advertising	-	-	11,380	11,380	6,147
Bank fees	-	202	9,807	10,009	16,914
Books	200	-	-	200	8,656
Continuing education	-	2,912	6,468	9,380	4,602
Donated teacher salaries	60,390	-	-	60,390	115,971
Dues and subscriptions	-	8,010	6,001	14,011	5,046
Fit families program	7,969	-	-	7,969	5,538
Graduate support	131,516	-	-	131,516	155,365
Guidance and evaluation	3,530	-	-	3,530	3,401
Housing and meals	-	-	-	-	200
Insurance	69,608	-	-	69,608	54,462
Legal and accounting	-	22,000	-	22,000	18,200
Meals and entertainment	4,531	8,751	755	14,037	18,757
Miscellaneous	4,672	11,153	2,033	17,858	11,075
Other professional fees	84,871	-	1,384	86,255	93,203
Permits and fees	-	1,324	-	1,324	15,203
Postage	-	1,623	3,178	4,801	5,240
Printing and copies	-	-	9,410	9,410	4,576
Recruiting and relocation	12,979	-	-	12,979	6,839
Repairs and maintenance	97,793	273	-	98,066	92,856
Security	56,358	-	-	56,358	12,166
Student activities	107,519	-	-	107,519	111,111
Student meals	137,727	-	-	137,727	111,573
Supplies	27,147	1,496	12,298	40,941	44,046
Telephone	-	10,737	-	10,737	11,057
Transportation and travel	871	2,711	1,982	5,564	4,769
Utilities	78,365	-	-	78,365	77,910
Rent	153,073	-	-	153,073	153,073
Total expenses before depreciation and amortization	2,893,733	381,987	357,677	3,633,397	3,332,390
Depreciation and amortization	117,932	-	-	117,932	96,255
Total expenses	$ 3,011,665	$ 381,987	$ 357,677	$ 3,751,329	$ 3,428,645

The accompanying notes are an integral part of these statements.

Academy Prep Center of St. Petersburg, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended May 31, 2024

	Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,272,461	$ 213,087	$ 292,104	$ 1,777,652
Taxes and benefits	310,380	30,621	45,781	386,782
Total salaries and related expenses	1,582,841	243,708	337,885	2,164,434
Other expenses				
Advertising	-	2,021	4,126	6,147
Bank fees	-	62	16,852	16,914
Books	8,656	-	-	8,656
Continuing education	-	4,170	432	4,602
Donated teacher salaries	115,971	-	-	115,971
Dues and subscriptions	-	5,046	-	5,046
Fit families program	5,538	-	-	5,538
Graduate support	155,365	-	-	155,365
Guidance and evaluation	3,401	-	-	3,401
Housing and meals	200	-	-	200
Insurance	54,462	-	-	54,462
Legal and accounting	-	18,200	-	18,200
Meals and entertainment	6,633	10,627	1,497	18,757
Miscellaneous	7,764	1,386	1,925	11,075
Other professional fees	89,026	-	4,177	93,203
Permits and fees	-	15,203	-	15,203
Postage	-	1,123	4,117	5,240
Printing and copies	-	-	4,576	4,576
Recruiting and relocation	6,839	-	-	6,839
Repairs and maintenance	92,856	-	-	92,856
Security	12,166	-	-	12,166
Student activities	111,111	-	-	111,111
Student meals	111,573	-	-	111,573
Supplies	20,728	11,992	11,326	44,046
Telephone	-	11,057	-	11,057
Transportation and travel	1,783	578	2,408	4,769
Utilities	77,910	-	-	77,910
Rent	153,073	-	-	153,073
Total expenses before depreciation and amortization	2,617,896	325,173	389,321	3,332,390
Depreciation and amortization	96,255	-	-	96,255
Total expenses	$ 2,714,151	$ 325,173	$ 389,321	$ 3,428,645

The accompanying notes are an integral part of this statement.

Academy Prep Center of St. Petersburg, Inc.

STATEMENTS OF CASH FLOWS

For the year ended May 31,

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 1,637,356	$ 3,009,820
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation and amortization	117,932	96,255
Change in interest in net assets of Academy Prep Foundation, Inc.	(2,034,303)	(2,349,395)
Decrease in operating assets		
Due from related organizations	-	483
Other receivables	4,025	(9,663)
Other current assets	20,525	7,150
(Decrease) increase in operating liabilities		
Accounts payable	1,498	(8,600)
Accrued expenses	13,393	13,065
Due to related organizations	(17,071)	12,873
Net cash (used) provided by operating activities	(256,645)	771,988
Cash flows from investing activities		
Purchase of property and equipment	(225,660)	(68,879)
Transfer to interest in net assets of Academy Prep Foundation, Inc.	(5,000)	(950,000)
Distributions from interest in net assets of Academy Prep Foundation, Inc.	610,490	150,790
Net cash provided (used) by investing activities	379,830	(868,089)
Net change in cash and cash equivalents	123,185	(96,101)
Cash and cash equivalents at beginning of year	368,459	464,560
Cash and cash equivalents at end of year	$ 491,644	$ 368,459
Supplemental disclosures of cash flow information		
Cash paid during the year		
Interest	$ -	$ -
Income taxes	$ -	$ -

The accompanying notes are an integral part of these statements.

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Organization

Academy Prep Center of St. Petersburg, Inc. (the “Organization”) was chartered as a Florida not-for-profit corporation in January 2000 and began operations July 1, 2000. The Organization’s inaugural school year began in August 1997 under a different corporate entity. The Organization administers and operates an independent, multifaceted learning center that offers coordinated programs designed to significantly improve the probability of success of its students, which consist of economically disadvantaged children in St. Petersburg, Florida.

The Organization also offers a graduate support program that assists graduates through the challenges of high school and college, including financial assistance determined on a case by case basis.

2. Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions. Accordingly, the Organization has classified its net assets and changes therein as follows:

- *With Donor Restrictions* - Net assets subject to restrictions imposed by donors or grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by actions of the Organization or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. If a restriction is satisfied in the same period in which the contribution is received, it is reported as support without donor restrictions.

- *Without Donor Restrictions* - Net assets that are not subject to donor- or grantor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and/or board of trustees.

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. On June 1, 2023, the Organization adopted the new accounting standard and all the related amendments using the modified retrospective method. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no significant impact on the Organization's financial statements.

4. Use of Estimates

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

5. Cash and Cash Equivalents

The Organization classifies amounts on deposit in banks and all highly liquid investments with original maturities of 90 days or less at the time of purchase as cash and cash equivalents.

6. Receivables and Allowance

Receivables are stated at cost less an allowance for doubtful accounts. Management's determination of the allowance is based on an evaluation of past collection history. Management provides for probable uncollectable amounts through a charge to earnings and a credit to valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the related receivable.

An allowance for doubtful receivables is considered unnecessary by management as of May 31, 2025 and 2024.

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Interest in Net Assets of Academy Prep Foundation, Inc.

Interest in net assets of Academy Prep Foundation, Inc. (the “Foundation”) includes those assets held by the Foundation for which the Organization is specified as a beneficiary. These assets include endowment funds from which the Organization receives annual distributions as specified by the donor and Foundation board designated endowments from which the Organization receives annual distributions. The Foundation was not granted variance power over these funds; therefore, the Foundation must use the funds for the benefit of the school.

Amounts are recorded at the estimated fair market value of the funds held by the Foundation.

8. Property and Equipment

Property and equipment are stated at cost if purchased or at estimated market value at the date of receipt if acquired by gift, less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the respective assets.

Repairs and maintenance of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, costs and accumulated depreciation and amortization are eliminated from the accounts and any resulting gain or loss is included in operations.

Property and equipment acquired with restricted contributions are considered to be owned by the Organization while used in the program for which they were purchased or in future authorized programs; however, their disposition, as well as the ownership of any proceeds from, are subject to applicable restriction.

9. Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire or are otherwise satisfied in the fiscal year in which the contributions are recognized.

Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restriction. When a restriction expires, restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

The Organization receives grants from other foundations and charitable organizations.

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Contributed Services

Donations of services are recorded as support at their estimated fair value if the services received create or enhance nonfinancial assets, or the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In addition, a number of other volunteers have donated significant amounts of their time to the Organization's operations. However, they are not reflected on the accompanying financial statements because they do not meet the requirements noted above.

11. Functional Expense Allocations

Costs of providing services have been detailed in the statements of functional expenses and summarized on a functional basis in the statements of activities. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses have been allocated based on utilization of personnel time and space utilized by program services and supporting services.

12. Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Income earned in furtherance of the Organization's tax-exempt purpose is exempt from federal and state income taxes. The Internal Revenue Service (IRS) has determined the Organization not to be a private foundation and contributions to it qualify as charitable contribution deductions. There was no unrelated business income for the years ended May 31, 2025 and 2024.

The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after 2021 remain subject to examination by federal and state taxing authorities.

13. Reclassifications

Certain prior year information was reclassified to conform to current year presentation. These reclassifications have no impact on the change in net assets and previously reported total net assets.

NOTE B - RELATED ORGANIZATIONS

The Organization and Academy Prep Center of St. Petersburg, Inc. ("APT") were established through a corporate restructuring of the Foundation. Additionally, Academy Prep Center of Lakeland, Inc. ("APL") was founded through the Foundation. The Organization, APT, and APL (collectively "the Schools"), receive funding from the Foundation. The Foundation owns the land and improvements that house the educational facilities for the Schools.

In addition, the Organization has interests in the net assets of the Foundation related to contributions in which the Organization was the named beneficiary. See Note F.

The Foundation is in a position to influence the Schools, potentially resulting in operating outcomes that could be significantly different if the entities were autonomous.

The School received the following support from the Foundation for the years ended May 31,:

	2025	2024
Contributed goods and services	$ 124,467	$ 116,977
Contributed use of property and facilities	153,073	153,073
Contributions - cash	610,490	150,791
	$ 888,030	$ 420,841

The following represents amounts due to and due from the Schools and the Foundation as of May 31:,

	2025	2024
Due (to) from Academy Prep Center of Tampa, Inc.	$ -	$ 1,544
Due (to) from Academy Prep Center of Lakeland, Inc.	-	(18,953)
Due (to) from Academy Prep Foundation, Inc.	4,198	4,536
Due from (to) related organizations	$ 4,198	$ (12,873)

NOTE C - AVAILABILITY AND LIQUIDITY

The following represents the Organizations financial assets available to meet general expenditures over the next 12 months at May 31,:

	2025	2024
Financial assets at year end		
Cash and cash equivalents	$ 491,644	$ 368,459
Other receivables	11,192	15,217
Financial assets available to meet expenditures over the next 12 months	$ 502,836	$ 383,676

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to the above funds available, the Organization has approximately $16 million and $14.6 million as of May 31, 2025 and 2024, respectively in interests in the net assets of the Foundation related to the board designated endowment. The spending policy of the board designated endowment allows for an annual 4% distribution of the market value of the endowment or any other amounts as approved by the Foundation board. Additionally, the Organization has approximately $3.3 million and $3.1 million as of May 31, 2025 and 2024, respectively in interests in the net assets of the Foundation related to other endowments that are subject to the various spending policies as described in Note F. Distributions from these funds could be made available upon approval to provide support for the Organization’s programs and facilities.

NOTE D - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash account with a commercial bank located in the Tampa Bay region of Florida. From time to time, amounts on deposit may exceed federal insurance limits. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The amounts in excess of the FDIC limit totaled approximately $235,000 and $393,000 at May 31, 2025 and 2024, respectively. Management believes the risk of loss is remote.

NOTE E - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of May 31,:

	Estimated Useful Life (years)	2025	2024
Classroom furniture and equipment	3 - 7	$ 640,068	$ 609,823
Office furniture and equipment	3 - 7	857,962	847,601
Leasehold improvements	7 - 15	428,727	408,502
Library books	3	27,035	27,035
Vehicles	5	237,053	92,594
Construction in progress	-	21,370	1,000
		2,212,215	1,986,555
Less: accumulated depreciation and amortization		(1,742,073)	(1,624,141)
		$ 470,142	$ 362,414

Depreciation and amortization expense was $117,932 and $96,255 for the years ended May 31, 2025 and 2024, respectively.

NOTE F - INTEREST IN NET ASSETS OF ACADEMY PREP FOUNDATION, INC.

The Organization has various interests in the net assets of the Foundation related to contributions where the Organization is the named beneficiary and the Foundation was not granted variance power.

Amounts classified as interest in the net assets of the Foundation consist of the following at May 31:,

	2025	2024
Graduate support endowment	$ 1,934,056	$ 1,101,345
Von Rosensteil endowment	1,323,737	1,976,549
Beneficial interest in assets held by CFTB	16,592	16,786
Board designated endowment	16,087,447	14,838,339
	$ 19,361,832	$ 17,933,019

NOTE F - INTEREST IN NET ASSETS OF ACADEMY PREP FOUNDATION, INC. - Continued

Graduate Support Endowment

The terms of the graduate support endowment call for annual distributions for the lesser of graduate support expenses or 6.5% of fund's fair market value at the close of the previous fiscal year.

The Foundation distributed $113,754 and $-0- to the Organization related to this endowment during the years ended May 31, 2025 and 2024, respectively.

Von Rosensteil Endowment

The terms of the Von Rosensteil endowment anticipate approximately 5% of the fund's fair market value to be distributed annually to fund the social studies and history departments of the school. The spending policy for this endowment is determined each June 1 at an amount that is determined by the Foundation's board of trustees. For the 2024/2025 school year, the board of trustees adopted a spending policy of 4%.

The Foundation distributed $46,736 and $-0- to the Organization related to this endowment during the years ended May 31, 2025 and 2024, respectively.

Board Designated Endowment

The terms of the board designated endowment call for distributions at the discretion of the Foundation board. During the years ended May 31, 2025 and 2024, the Organization transferred $5,000 and $700,000, respectively to the board designated endowment for Academy Prep Center of St. Petersburg, Inc. held by the Foundation.

NOTE G - FAIR VALUE MEASUREMENTS

The Organization follows accounting guidance which defines fair value, expands disclosure requirements, and specifies a hierarchy of valuation techniques. The disclosure of fair value estimates is based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs. The Organization measures investments at fair value on a recurring basis.

NOTE G - FAIR VALUE MEASUREMENTS - Continued

The following is a brief description of the type of valuation information (inputs) that qualifies a financial asset for each level:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets which are accessible by the Organization.
- Level 2 - Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Market inputs that are not directly observable but are derived from or corroborated by observable market data.
- Level 3 - Unobservable inputs based on the Organization's own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

The following is a description of the valuation methodologies used for assets measure at fair value at May 31, 2025 and 2024:

Interest in net assets of Academy Prep Foundation, Inc.: The Organization records the interest in net assets held by the Foundation based on information provided by the Foundation, these are considered to be Level 3 measurements. Fair values for beneficial interests in assets held by CFTB are based on the fair value of fund investments as reported by the CFTB. These are considered to be Level 3 measurements. The Foundation does not develop nor is it provided with the quantitative inputs used to develop the fair market values.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The Organization evaluates the various types of financial assets and liabilities to determine the appropriate fair value hierarchy based upon trading activity and the observability of market inputs. The Organization employs control processes to validate the reasonableness of the fair value estimates of its assets and liabilities, including those estimates based on prices and quotes obtained from independent third-party sources.

NOTE G - FAIR VALUE MEASUREMENTS - Continued

The following table sets forth by level, within the fair value hierarchy, the Organization's significant assets measured at fair value on a recurring basis at May 31,:

2025	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Interest in net assets of Academy Prep Foundation, Inc.	$ 19,361,832	$ -	$ -	$ 19,361,832

2024	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Interest in net assets of Academy Prep Foundation, Inc.	$ 17,933,019	$ -	$ -	$ 17,933,019

The following table summarizes the changes in the fair value of the Organization's Level 3 assets for the years ended May 31,:

	2025	2024
Beginning balance	$ 17,933,019	$ 14,784,414
Contributions	5,000	950,000
Distributions	(610,490)	(150,790)
Change in interest in net assets of Academy Prep Foundation, Inc.	2,034,303	2,349,395
Ending balance	$ 19,361,832	$ 17,933,019

NOTE H - NET ASSETS

Net assets with donor restrictions were as follows as of May 31,:

	2025	2024
Subject to expenditure for specified purpose:		
appropriation:		
Graduate support endowment	$ 1,934,056	$ 1,101,345
Von Rosensteil endowment	1,323,737	1,976,549
Special endowment	79,273	74,447
	$ 3,337,066	$ 3,152,341

NOTE H - NET ASSETS - Continued

Net assets released from net assets with donor restrictions were as follows for the years ended May 31,:

	2025	2024
Field trips	$ -	$ 7,961
Endowment spending	161,877	150,791
	$ 161,877	$ 158,752

NOTE I - IN-KIND REVENUE AND EXPENSE

Certain services and rent are provided to the Organization gratis or at a cost substantially less than fair market value. The difference between the actual charge and the estimated fair market value is reflected as in-kind revenue and expense in the accompanying financial statements.

1. Contributed Goods and Services

The Organization utilizes AmeriCorps teachers for some of its instructional services. The Organization records the estimated fair value of the services provided by these teachers as a contribution and program expense. Also included in contributed goods and services is in-kind personnel costs contributed by the Foundation. During the years ended May 31, 2025 and 2024, the Organization recognized $184,857 and $166,125 as contributed goods and services, donated teacher salaries, and leased personnel costs in the statements of activities and functional expenses, respectively. This includes approximately $124,000 and $117,000 of in-kind services contributed by the Foundation for the years ended May 31, 2025 and 2024, respectively.

2. Contributed Use of Property and Facilities

The Foundation owns the property and facilities on which the Organization operates. The Foundation allows the Organization use of these facilities at no charge. The Organization records the estimated fair value of the use of the property and facilities as a contribution and program expense. During each of the years ended May 31, 2025 and 2024, $153,073 was reflected as contributed use of property and facilities and rent expense in the statements of activities and functional expenses.

NOTE J - TUITION - SCHOLARSHIP FUNDED

During the years ended May 31, 2025 and 2024, the Organization qualified for $977,233 and $998,136 respectively, of tuition scholarships. The tuition was funded entirely by scholarships awarded to the parents/guardians of the Organization's students by Step Up For Students, a private foundation, in accordance with Florida Statute 220.187, Credits for Contributions to Nonprofit Scholarship-Funding Organizations.

No tuition was collected for students who did not meet the scholarship qualifications for the years ended 2025 and 2024.

NOTE K - EMPLOYEE LEASING AND PENSION PLAN

The Organization leases its employees through a staff leasing company. Under the leasing arrangements, employees are eligible for a 401(k) plan in which they can contribute up to 15% of their gross compensation pretax. The Organization has agreed to make a matching contribution equal to 100% of employees' first 5% contributed. Matching contributions totaled $24,807 and $23,734 for the years ended May 31, 2025 and 2024, respectively. The leasing company is the sponsor of the 401(k) plan.

NOTE L - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to May 31, 2025 as of November 17, 2025 which is the date the financial statements were available to be issued.