2025

Lake Wales Charter Schools, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2025

PURVIS GRAY
CERTIFIED PUBLIC ACCOUNTANTS

LAKE WALES CHARTER SCHOOLS, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2025

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To the Board of Trustees
Lake Wales Charter Schools, Inc.

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information, and cash flows of Lake Wales Charter Schools, Inc. (the Company) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Lake Wales Charter Schools, Inc. as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 10 to the financial statements, beginning net position of the governmental activities and beginning fund balance of the general fund and capital projects fund as of July 1, 2024, have been restated to correct errors in the previously issued financial statements. Our opinion is not modified with respect to this 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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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 Company's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 the Company'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 Company's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8, the budgetary comparison information on pages 40-41 and the pension information on pages 42-43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of

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financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Company's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 March 23, 2026, on our consideration of the Company'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 Company'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 Company's internal control over financial reporting and compliance.

Purvis Gray

March 23, 2026
Gainesville, Florida

LAKES WALES CHARTER SCHOOLS, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Lake Wales Charter Schools, Inc. (the Company) presents management's discussion and analysis of the Company's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the Company's financial statements, which follow this section.

Lake Wales Charter Schools, Inc. operates a system of seven public charter schools in the Lake Wales, Florida area (Dale R. Fair Babson Park Elementary School, Edward W. Bok Academy South, Edward W. Bok Academy North, Hillcrest Elementary School, Janie Howard Wilson Elementary School, Lake Wales High School, and Polk Avenue Elementary School). The Company provides certain management, administrative, food, and transportation services to the charter schools through a Central Administrative Office. Effective July 1, 2011, the Company became its own local educational agency (LEA).

CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are presented on a consolidated basis primarily to satisfy the single audit requirements of the Uniform Guidance for the Company's federal programs.

FINANCIAL HIGHLIGHTS

- The Company's net position increased compared to the prior year.
- For the fiscal year ended June 30, 2025, the Company's revenues exceeded expenses by $1,557,153. This represents an increase from the prior year, when expenses exceeded revenues by $950,540.
- Overall, revenues decreased by approximately $2,272,291, which represents a 4% decrease from the prior year.
- Overall, expenses decreased by approximately $4,779,984, which represents an 8% decrease from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Company:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Company's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Company, reporting the Company's operations in more detail than the government-wide statements.
    - The *governmental funds* financial statements tell how general services were financed in the short term, as well as what remains for future spending.
    - The *internal service fund* financial statements show information about the Company's self-insurance program. Since the internal service fund predominantly benefits governmental functions, it has been included within governmental activities in the basic financial statements.
    - The *fiduciary fund* financial statements provide information about the financial activities in which the Company serves only as the custodian for assets that belong to others, such as student activities funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

This document also includes the following information required by the Uniform Guidance: schedule of expenditures of federal awards and accompanying notes, independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance, and the schedule of findings and questioned costs. In addition, it includes the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

The following table summarizes the major features of the Company's financial statements, including the portion of the Company they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

		Fund Statements	
	Government-Wide Statements	**Governmental Funds**	**Fiduciary Fund**
Scope	Entire company (except the fiduciary fund)	The activities of the Company that are not proprietary or fiduciary	Instances in which the Company administers resources on behalf of someone else
Required Financial Statements	Statement of Net Position, Statement of Activities	Balance sheet – governmental funds Statement of revenues, expenditures, and changes in fund balances –governmental funds	Statement of fiduciary net position, Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Financial Statements

The government-wide financial statements report information about the Company as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Company's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the Company's net position and how it has changed. Net position – the difference between the Company's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the Company's financial condition. Over time, increases or decreases in the Company's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the Company, one needs to consider additional non-financial factors such as changes in the student base of the charter schools, the quality of the education provided, and the safety of the schools.

The government-wide financial statements of the Company are generally divided into three categories:

- Governmental Activities – Most of the Company's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program (FEFP) and state and federal grants finance most of these activities.
- Business-type Activities – In certain instances, the Company may charge fees to help it cover the costs of certain services it provides. The Company currently has no business-type activities.
- Component Units – There currently are no component units included within the reporting entity of the Company.

Fund Financial Statements

The fund financial statements provide more detailed information about the Company's most significant funds, not the Company as a whole. A fund is a self-balancing set of accounts which the Company uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the Company may establish other funds to control and manage money for particular purposes, such as for federal grants.

The Company currently has three types of funds:

- Governmental Funds – Most of the Company's basic services are included in governmental funds, which focus on: (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Company's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

- Internal Service Funds – The Company operates a self-insurance program for its employees. Since the Company is the primary beneficiary of these activities, they are included in the government-wide financial statements.

- Fiduciary Funds – The Company is the agent, or fiduciary, for assets that belong to others, such as student activities funds. The Company is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Company excludes these activities from the government-wide financial statements because the Company cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COMPANY AS A WHOLE

Net Position

The Company's combined net position as of June 30, 2025, and 2024, is summarized as follows – see table below.

	Governmental Activities			
	2025	(Restated) 2024	Increase (Decrease)	Percent Change
Current and Other Assets	$ 20,212,107	$ 25,417,688	$ (5,205,581)	-20%
Capital Assets, Net	25,118,971	20,786,827	4,332,144	21%
Total Assets	45,331,078	46,204,515	(873,437)	-2%
Total Deferred Outflows of Resources	8,950,137	9,364,968	(414,831)	-4%
Current and Other Liabilities	1,045,846	3,835,714	(2,789,868)	-73%
Long-Term Liabilities	38,320,792	39,813,336	(1,492,544)	-4%
Total Liabilities	39,366,638	43,649,050	(4,282,412)	-10%
Total Deferred Inflows of Resources	3,490,029	2,053,038	1,436,991	70%
Net Position				
Net Investment in Capital Assets	14,775,419	9,390,572	5,384,847	57%
Restricted	7,275,138	8,042,995	(767,857)	-10%
Unrestricted	(10,626,009)	(7,566,172)	(3,059,837)	40%
Total Net Position	$ 11,424,548	$ 9,867,395	$ 1,557,153	16%

The statement of net position provides the perspective of the Company and its charter schools. The Company ended its fiscal year with a net position of $11,424,548 as of June 30, 2025. Net investment in capital assets, totaling $14,775,419, compares the original cost, less depreciation of the Company's capital assets, to long-term debt used to finance the acquisition of those assets. Restricted net position is reported separately to show legal constraints due to debt covenants and legislation that limit the Company's ability to use those assets for day-to-day operations. The $(10,626,009) in unrestricted net position of governmental activities represents the accumulated results of prior years' operations and the amount of discretionary resources that can be used to fund the charter schools' general operations, which includes pension balances under GASB 68. The Company has the resources available to meet all current obligations.

Current and other assets totaled $20,212,107, most of which represents cash and cash equivalents. The Company maintains cash deposits on a pooled basis for all of its charter schools. Net capital assets increased due to capital asset additions exceeding current year depreciation. Deferred outflows of resources and deferred inflows of resources relate to the Company's participation in the state's pension plans.

The current and other liabilities balance reflects both accounts payable and payroll liability obligations, which decreased due to the timing of payments near year-end. Long-term liabilities include long-term debt obligations of the system, employee compensated absences, and the net pension liability. See Note 7 for additional pension plan information. Additional information on the Company's long-term liabilities is presented in Note 6 to the financial statements.

Change in Net Position

The Company's total revenues decreased by 4% to $57,216,187, and the total cost of all programs and services decreased by 8% to $55,659,034 – see table below.

	Governmental Activities			
	2025	**(Restated) 2024**	**Increase (Decrease)**	**Percent Change**
Revenues				
Federal Sources	$ 11,568,147	$ 15,298,510	$ (3,730,363)	-24%
State and Local Sources	43,244,977	42,460,207	784,770	2%
Contributions and Other Revenue	2,403,063	1,729,761	673,302	39%
Total Revenues	57,216,187	59,488,478	$ (2,272,291)	-4%
Expenses				
Instruction	30,543,831	35,274,220	(4,730,389)	-13%
Student Support Services	2,012,132	1,597,365	414,767	26%
Instructional Media	448,188	443,695	4,493	1%
Instruction and Curriculum Development	2,300,068	2,337,044	(36,976)	-2%
Instructional Staff Training	83,289	202,275	(118,986)	-59%
Instruction-Related Technology	140,072	164,699	(24,627)	-15%
Board	338,748	256,436	82,312	32%
General Administration	394,625	849,755	(455,130)	-54%
School Administration	4,592,036	5,171,208	(579,172)	-11%
Facilities Acquisition and Construction	615,439	936,628	(321,189)	-34%
Fiscal Services	884,809	582,798	302,011	52%
Food Services	3,941,180	3,931,833	9,347	0%
Central Services	296,049	231,537	64,512	28%
Pupil Transportation	2,846,209	2,634,385	211,824	8%
Operation of Plant	4,699,809	4,313,277	386,532	9%
Maintenance of Plant	96,654	120,159	(23,505)	-20%
Administrative Technology Services	143,800	42,335	101,465	240%
Community Services	929,169	1,010,728	(81,559)	-8%
Interest	352,927	338,641	14,286	4%
Total Expenses	55,659,034	60,439,018	(4,779,984)	-8%
Change in Net Position	$ 1,557,153	$ (950,540)	$ 2,507,693	264%

The majority of the Company's revenue is provided through the state's FEFP, state categorical educational programs, and local property taxes (76% of the Company's total governmental revenues) to fund current operations. Revenues from state and local sources increased due to higher student enrollment over the previous school year. The Company received approximately 20% of its total revenues from federal sources – a combination of federal entitlement revenues along with the National School Breakfast and Lunch Program in fiscal 2025. The decrease in revenue is attributed to the closeout of CARES Act programs, which accounted for the majority of the decrease in revenues from federal sources. The remaining portion of the Company's revenue (4)% is the result of contributions from the Lake Wales Charter Schools Foundation and other program revenue.

Instruction and instruction-related activities account for 64% of the Company's expenses, which decreased approximately 11% during fiscal 2025, primarily due to lower expenditures for student educational services. The remaining cost portion of government-wide activity, representing board, general, and administrative support services; facilities acquisition and construction; finance; food services; central services; transportation; operation and maintenance of plant; administrative technology services; community services; and interest expense, accounted for 36% of total expenses. These administrative and business support functions decreased 5% compared to last year. School administration decreased due to a decrease in administrative salaries and pension expenses. Facilities acquisition and construction decreased due to a decrease in campus construction at Edward W. Bok Academy North. The increase in food services is due to an increase in catering services for more students in this function. Pupil transportation costs increased due to higher fuel costs and additional depreciation expense allocated to this function for buses purchased. Overall, total revenues exceeded total governmental expenses in 2025, resulting in a net position increase of $1,557,153 from ongoing operations.

FINANCIAL ANALYSIS OF THE COMPANY'S FUNDS

As the Company completed the year, its governmental funds reported a combined fund balance of $15,823,745, a decrease from the prior year. Both revenues and expenditures changed overall for the same reasons described above.

General and Special Revenue Fund Budgetary Highlights

Over the course of the fiscal year, the Company amended its budget to address changes in revenues and expenditures. The general fund budget amendments were performed primarily to reflect revised student enrollment and to adjust planned expenditures based on actual resource needs. The special revenue fund budget amendments were performed to adjust the budget allocations to reflect the final approved federal awards from the state.

For the year ended June 30, 2025, actual general fund revenues were approximately $220,654 above budget, representing a 0.5% budget variance. Actual general fund expenditures were approximately $664,591 above budget, representing a 1.5% budget variance.

For the year ended June 30, 2025, actual special revenue fund revenues were approximately $632,784 above budget, representing a 6% budget variance. Actual special revenue fund expenditures were approximately $1,667,815 below budget, representing a 16% budget variance. These variances were primarily due to a decrease in CARES Act funds expended on campus construction.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2025, the Company had invested $25,118,971 in capital assets (net of accumulated depreciation). See table below:

	Governmental Activities			
	2025	(Restated) 2024	Increase (Decrease)	Percent Change
Land	$ 769,882	$ 769,882	$ -	0%
Construction in Progress	7,365,635	1,699,093	5,666,542	334%
Improvements Other Than Buildings	3,070,585	3,619,351	(548,766)	-15%
Buildings	16,847,356	17,144,623	(297,267)	-2%
Furniture, Fixtures and Equipment	4,264,088	7,904,457	(3,640,369)	-46%
Motor Vehicles	1,895,586	2,414,402	(518,816)	-21%
Less Accumulated Depreciation	(9,094,161)	(12,764,981)	3,670,820	-29%
Total Capital Assets, Net	$ 25,118,971	$ 20,786,827	$ 4,332,144	21%

This year's major capital asset addition included the following:

- Edward W. Bok Academy North campus Construction in Progress - $5,699,093

The Company's fiscal year 2026 capital budget does not include significant capital project spending. More detailed information about the Company's capital assets is presented in Note 4 to the financial statements.

Long-term Debt

As of June 30, 2025, the Company had $10,343,552 in borrowings outstanding, as compared to $11,396,255 in the prior year, consisting of lease liabilities, bonds payable, and notes payable. The decrease in long-term liabilities is due to scheduled payments made during the year on all borrowings. More detailed information about the Company's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were considered when adopting the general fund budget for fiscal year 2026:

- Student enrollment and state educational funding per pupil
- Cost of goods and services
- Competitive employee compensation

Amounts available for appropriation in the general fund are $48,350,102, an increase of 9% from the actual 2025 amount of $44,160,264. The fiscal year 2026 budget is based on a slightly higher student count than the official student membership count used to fund 2025.

Budgeted general fund expenditures are expected to be $48,119,451, an increase of 7% from the fiscal 2025 actual figure of $44,818,572. The increased expenditure base includes resources allocated for salary increases, the rising cost of health care, and other fixed recurring costs for Company operations. The Company is confident that it has staff and other resources in place to enhance academic achievement across all student learning levels and to effectively serve its anticipated student membership.

If these estimates are realized, the Company's budgetary general fund balance is expected to remain the same by the close of fiscal 2026.

CONTACTING THE COMPANY'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the Company's finances and to demonstrate the Company's accountability for the money it receives. Should additional information be required, please contact the Company's administrative offices at 130 East Central Avenue, Lake Wales, Florida 33853.

BASIC FINANCIAL STATEMENTS

LAKE WALES CHARTER SCHOOLS, INC.
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 15,458,512
Restricted Cash	3,192,038
Accounts Receivable	1,247,694
Prepaid Expenses and Other Current Assets	313,863
Capital Assets Not Being Depreciated	8,135,517
Depreciable Capital Assets, Net	16,983,454
Total Assets	45,331,078
Deferred Outflows of Resources	
Pension Related Deferred Outflows of Resources	8,950,137
Total Assets and Deferred Outflows of Resources	54,281,215
Liabilities	
Accounts Payable and Accrued Expenses	1,033,079
Unearned Revenue	12,767
Long-Term Liabilities:	
Due Within One Year	1,983,229
Due in More Than One Year	36,337,563
Total Liabilities	39,366,638
Deferred Inflows of Resources	
Pension Related Deferred Inflows of Resources	3,490,029
Net Position	
Net Investment in Capital Assets	14,775,419
Restricted for:	
Food Service	4,083,100
Certificate of Deposit Serving as Collateral for Note Payable	3,192,038
Unrestricted	(10,626,009)
Total Net Position	11,424,548
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 54,281,215

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

LAKE WALES CHARTER SCHOOLS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Total**
Governmental Activities						
Instruction	$ 30,543,831	$ 764,477	$ 2,876,288	$ -	$ (26,903,066)	$ (26,903,066)
Student Support Services	2,012,132	-	564,088	-	(1,448,044)	(1,448,044)
Instructional Media	448,188	-	34,375	-	(413,813)	(413,813)
Instruction and Curriculum Development	2,300,068	-	1,854,379	-	(445,689)	(445,689)
Instructional Staff Training	83,289	-	45,101	-	(38,188)	(38,188)
Instruction-Related Technology	140,072	-	-	-	(140,072)	(140,072)
Board	338,748	-	-	-	(338,748)	(338,748)
General Administration	394,625	-	82,748	-	(311,877)	(311,877)
School Administration	4,592,036	-	-	-	(4,592,036)	(4,592,036)
Facilities Acquisition and Construction	615,439	-	-	-	(615,439)	(615,439)
Fiscal Services	884,809	-	-	-	(884,809)	(884,809)
Food Services	3,941,180	273,646	4,325,198	-	657,664	657,664
Central Services	296,049	-	2,719	-	(293,330)	(293,330)
Pupil Transportation	2,846,209	-	8,208	-	(2,838,001)	(2,838,001)
Operation of Plant	4,699,809	-	6,545	-	(4,693,264)	(4,693,264)
Maintenance of Plant	96,654	-	-	-	(96,654)	(96,654)
Administrative Technology Services	143,800	-	-	-	(143,800)	(143,800)
Community Services	929,169	177,405	12,400	-	(739,364)	(739,364)
Interest	352,927	-		-	(352,927)	(352,927)
Total Primary Government	$ 55,659,034	$ 1,215,528	$ 9,812,049	$ -	(44,631,457)	(44,631,457)
	General Revenue					
	Federal Sources				1,756,098	1,756,098
	State and Local Sources				43,244,977	43,244,977
	Contributions and Other Revenue				1,187,535	1,187,535
	Total General Revenues				46,188,610	46,188,610
	Change in Net Position				1,557,153	1,557,153
	Net Position at Beginning of Year, As Previously Reported				9,292,891	9,292,891
	Prior Period Adjustments				574,504	574,504
	Net Position at Beginning of Year (Restated)				9,867,395	9,867,395
	Net Position at End of Year				$ 11,424,548	$ 11,424,548

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

LAKE WALES CHARTER SCHOOLS, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 8,675,896	$ 3,091,206	$ 31,894	$ 11,798,996
Restricted Cash	3,192,038	-	-	3,192,038
Accounts Receivable	127,078	1,048,765	71,851	1,247,694
Advances to Capital Projects Fund	4,548,349	-	-	4,548,349
Prepaid Expenditures and Other Current Assets	120,001	109	113,753	233,863
Total Assets	16,663,362	4,140,080	217,498	21,020,940
Liabilities				
Accounts Payable and Accrued Expenditures	100,676	44,213	491,190	636,079
Unearned Revenue	-	12,767	-	12,767
Advances from General Fund	-	-	4,548,349	4,548,349
Total Liabilities	100,676	56,980	5,039,539	5,197,195
Fund Balances				
Non-Spendable:				
Prepaid Expenditures and Other Current Assets	120,001	109	113,753	233,863
Advances to Capital Projects Fund	4,548,349	-	-	4,548,349
Restricted for:				
Food Service	-	4,082,991	-	4,082,991
Certificate of Deposit Serving as Collateral for Note Payable	3,192,038	-	-	3,192,038
Unassigned	8,702,298	-	(4,935,794)	3,766,504
Total Fund Balances	16,562,686	4,083,100	(4,822,041)	15,823,745
Total Liabilities and Fund Balances	$ 16,663,362	$ 4,140,080	$ 217,498	$ 21,020,940

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

LAKE WALES CHARTER SCHOOLS, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Total Governmental Funds	
Amounts reported for governmental activities in the statement of net position are different because:	$ 15,823,745
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is $34,213,132 and the accumulated depreciation is $9,094,161.	25,118,971
Amounts accrued for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(2,331,029)
The following pension related balances do not use current resources or are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Pension Related Deferred Outflows of Resources	8,950,137
Net Pension Liability	(25,646,211)
Pension Related Deferred Inflows of Resources	(3,490,029)
The following pension related balances do not use current resources or are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds Payable	(9,304,777)
Notes Payable	(1,038,775)
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. This amount represents the net of current assets and current liabilities of the internal service fund.	3,342,516
Total Net Position - Governmental Activities	$ 11,424,548

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

LAKE WALES CHARTER SCHOOLS, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENEDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Federal Sources	$ 144,127	$ 11,424,020	$ -	$ 11,568,147
State and Local Sources	42,396,905	-	848,072	43,244,977
Contributions and Other Revenue	1,619,232	284,729	173,614	2,077,575
Total Revenues	44,160,264	11,708,749	1,021,686	56,890,699
Expenditures				
Current:				
Instruction	27,764,041	2,732,161	-	30,496,202
Student Support Services	1,426,241	564,088	-	1,990,329
Instructional Media	403,784	34,375	-	438,159
Instruction and Curriculum Development	275,268	1,854,379	-	2,129,647
Instructional Staff Training	54,197	45,101	-	99,298
Instruction-Related Technology	109,177	-	-	109,177
Board	338,748	-	-	338,748
General Administration	312,932	82,748	-	395,680
School Administration	4,268,648	-	-	4,268,648
Fiscal Services	829,925	-	-	829,925
Food Services	-	3,668,999	-	3,668,999
Central Services	290,672	2,719	-	293,391
Pupil Transportation	2,413,823	8,208	-	2,422,031
Operation of Plant	4,440,545	6,545	2,749	4,449,839
Maintenance of Plan	7,703	-	26,722	34,425
Administrative Technology Services	132,246	-	-	132,246
Community Services	775,277	12,400	-	787,677
Debt Service:				
Principal	252,792	-	431,446	684,238
Interest	54,244	-	298,683	352,927
Capital Outlay	668,309	66,863	5,769,386	6,504,558
Total Expenditures	44,818,572	9,078,586	6,528,986	60,426,144
Excess (Deficiency) of Revenues Over (Under) Expenditures	(658,308)	2,630,163	(5,507,300)	(3,535,445)
Other Financing Sources (Uses)				
Operating Transfer in	-	-	1,957,644	1,957,644
Operating Transfer out	(300,000)	(1,657,644)	-	(1,957,644)
Total Other Financing Sources (Uses)	(300,000)	(1,657,644)	1,957,644	-
Net Changes in Fund Balances	(958,308)	972,519	(3,549,656)	(3,535,445)
Fund Balances at Beginning of Year, as Previously Reported	14,678,542	3,110,581	1,511,817	19,300,940
Restatement	2,842,452	-	(2,784,202)	58,250
Fund Balances at Beginning of Year, as Restated	17,520,994	3,110,581	(1,272,385)	19,359,190
Fund Balances at End of Year	$ 16,562,686	$ 4,083,100	$ (4,822,041)	$ 15,823,745

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

LAKE WALES CHARTER SCHOOLS, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net Changes in Fund Balances - Total Governmental Funds	
Amounts reported for governmental activities in the statement of activities are different because:	$ (3,535,445)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($6,504,557) exceed depreciation expense ($2,178,051) in the current period.	4,326,506
Donated capital assets do not provide current financial resources and are not reported as revenues in the governmental funds.	5,638
Receivables not expected to be received within 60 days of fiscal year-end are not considered "available" revenue in the governmental funds and, therefore, are reported as deferred inflows. In the statement of net position, which is presented on the accrual basis, no deferral is reported since the revenue has already been fully recognized in the statement of activities.	(48,614)
Compensated absences included in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(983,149)
The net changes in net pension liability and deferred outflows and inflows related to pensions in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as a net change in fund balance in the governmental funds.	(428,832)
Repayments of long-term liabilities are reported as expenditures in the governmental funds because they require the use of current financial resources. They are reported as a reduction in long-term liabilities in the statement of net position. This amount represents the current year repayment of principal on long-term debt and the lease liabilities.	684,238
Debt forgiveness is not reported in the governmental funds due to the current financial resources method. Debt forgiveness is reported on the statement of activities as a contribution revenue.	368,465
Internal service funds are used to charge the cost of certain activities to individual funds. The net revenue (expense) is reported with governmental activities.	1,168,346
Change in Net Position of Governmental Funds	$ 1,557,153

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

LAKE WALES CHARTER SCHOOLS, INC.
STATEMENT OF FUND NET POSITION - INTERNAL SERVICE FUND
JUNE 30, 2025

	Self-Insurance Fund
Assets	
Cash and Cash Equivalents	$ 3,659,516
Prepaids	80,000
Total Assets	3,739,516
Liabilities	
Accounts Payable and Accrued Expenses	397,000
Total Liabilities	397,000
Net Position	
Unrestricted	3,342,516
Total Liabilities and Net Position	$ 3,739,516

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

LAKE WALES CHARTER SCHOOLS, INC.
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Self-Insurance Fund
Operating Revenues	
Premium Revenue	$ 6,112,332
Other Revenue	350,442
Total Operating Revenues	6,462,774
Operating Expenses	
Claims and Benefits	4,600,290
Contracted Services	694,138
Total Operating Expenses	5,294,428
Change in Net Position	1,168,346
Net Position at Beginning of Year	2,174,170
Net Position at End of Year	$ 3,342,516

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

LAKE WALES CHARTER SCHOOLS, INC.
STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Self-Insurance Fund
Cash Flows from Operating Activities	
Receipts from Users	$ 6,462,774
Payments to Process Claims and to Service Providers	(5,614,428)
Net Cash Provided by Operating Activities	848,346
Net Increase in Cash and Cash Equivalents	848,346
Cash and Cash Equivalents, Beginning of Year	2,811,170
Cash and Cash Equivalents, End of Year	$ 3,659,516
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities	
Change in Net Position	$ 1,168,346
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:	
Increase in Accounts Payable and Accrued Expenses	(320,000)
Net Cash Provided by Operating Activities	$ 848,346

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

LAKE WALES CHARTER SCHOOLS, INC.
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	Custodial Fund
Assets	
Cash and Cash Equivalents	$ 461,428
Total Assets	461,428
Liabilities	
Accounts Payable and Accrued Expenses	34,278
Total Liabilities	34,278
Net Position	
Restricted for:	
Student Activities	427,150
Total Liabilities and Net Position	$ 461,428

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

LAKE WALES CHARTER SCHOOLS, INC.
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Custodial Fund
Additions	
Collections for Student Activities	$ 1,120,084
Total Additions	1,120,084
Deductions	
Payments for Student Activities	1,169,772
Total Deductions	1,169,772
Change in Net Position	(49,688)
Net Position at Beginning of Year	476,838
Net Position at End of Year	$ 427,150

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

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Lake Wales Charter Schools, Inc. (the Company) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act and Section 1002.33, Florida Statutes. The Company operates a system of seven public charter schools in the Lake Wales, Florida area (Dale R. Fair Babson Park Elementary School, Edward W. Bok Academy South, Edward W. Bok Academy North, Hillcrest Elementary School, Janie Howard Wilson Elementary School, Lake Wales High School and Polk Avenue Elementary School) (collectively, the Charter Schools). The Company provides certain management and administrative services to the Charter Schools through a Central Administrative Office. The governing body of the Company is the not-for-profit corporation Board of Trustees, which is composed of no less than three and no more than nine members. Effective July 1, 2004, the Charter Schools (except Edward W. Bok Academy South and Edward W. Bok Academy North)converted from traditional public schools to public charter schools. Edward W. Bok Academy South (Bok South) commenced formal operations on July 1, 2008. Edward W. Bok Academy North (Bok North) commenced formal operations on July 1, 2018. Effective July 1, 2011, the Company became its own local educational agency (LEA).

The general operating authority of the Charter Schools is contained in Section 1002.33, Florida Statutes. The Charter Schools operate under charters of the sponsoring school district, the District School Board of Polk County, Florida (the School Board). The current charters are effective until the following dates:

Edward W. Bok Academy South	June 30, 2027
Dale R. Fair Babson Park Elementary School Hillcrest Elementary School Janie Howard Wilson Elementary School Polk Avenue Elementary School	June 30, 2028
Edward W. Bok Academy North Lake Wales High School	June 30, 2033

The charters may be renewed by mutual written agreement between the Charter Schools and the School Board. At the end of the term of the charters, the School Board may choose not to renew the respective charters under grounds specified in the respective charter agreements. In this case, the School Board is required to notify the Charter Schools in writing at least 90 days prior to the charters' expiration. During the term of the charters, the School Board may also terminate the charters if good cause is shown. In the event of termination of the charters, any property purchased by the Charter Schools with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education (FDOE) to be redistributed among eligible charter schools.

The Charter Schools are considered component units of the School Board and meet the definition of governmental entities under the Governmental Accounting Standards Board (GASB)accounting guidance; therefore, for financial reporting purposes, the Charter Schools are required to follow generally accepted accounting principles applicable to state and local governmental units. The Company has also elected this same form of financial reporting. The Company is not considered a component unit of the School Board since it became its own LEA.

Criteria for determining if other entities are potential component units of the Company which should be reported with the Company's basic financial statements are identified and described in the GASB's Codification of Governmental Accounting and Financial Reporting Standards. The application of these criteria provides for identification of any entities for which the Company is financially accountable and other organizations for which the nature and significance of their relationship with the Company are such that exclusion would cause the Company's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the Company.

Basis of Presentation

The Company's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

The government-wide financial statements report information about the Company as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Company's assets, deferred outflows of resources, liabilities and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

The government-wide financial statements of the Company are generally divided into three categories:

- **Governmental Activities** – Most of the Company's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program (FEFP) and state and federal grants finance most of these activities.

- **Business-Type Activities** – In certain instances, the Company may charge fees to help it cover the costs of certain services it provides. The Company currently has no business-type activities.

- **Component Units** – There currently are no component units included within the reporting entity of the Company.

The fund financial statements provide more detailed information about the Company's most significant funds, not the Company as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

- **Governmental Funds**
  - *General Fund* – To account for all financial resources not required to be accounted for in another fund.
  - *Special Revenue Fund* – To account for the proceeds of specific revenue sources and federal grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.
  - *Capital Projects Fund* – To account for all resources for the acquisition of capital items purchased with capital outlay and state capital appropriation funds, private foundation funds for building construction and insurance proceeds from hurricane damage.

For purposes of these statements, the general, special revenue and capital projects funds constitute major funds. There are no other governmental funds.

- **Internal Service Fund**
  - *Self-Insurance Fund* – The Company operates a self-insurance program for its employees. Since the Company is the primary beneficiary of these activities, they are included in the government-wide financial statements.

- **Fiduciary Fund**
  - *Custodial Fund* – The Custodial Funds are used to account for assets held in a fiduciary capacity of the Company.

Basis of Accounting
Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide, internal service fund and fiduciary fund financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Company considers revenues to be available if they are collected within sixty days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

- **Fund Balance**

  Fund balance classifications comprise a hierarchy based primarily on the extent to which the Company is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: non-spendable, restricted, committed, assigned, and unassigned.

  - **Non-Spendable**—This component of fund balance consists of amounts that cannot be spent because: (a) they are not expected to be converted to cash; or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items and principal (corpus) of an endowment fund. On the governmental funds balance sheet, the prepaid balances reported is offset by a non-spendable fund balance classification, which indicates it does not constitute "available spendable resources" even though it is a component of current assets.

  - **Restricted**—This component of fund balance consists of amounts that are constrained either: (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments); or (b) by law through constitutional provisions or enabling legislation.

  - **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (i.e., by ordinance) of the Company. These committed amounts cannot be used for any other purpose unless the Company removes or changes the specified use by taking the same type of action employed to constrain those amounts.

  - **Assigned**—This component of fund balance consists of amounts that the Company intends to use for a specific purpose as determined by the Company in accordance with the Company's fiscal policies. In addition, residual balances in capital projects and debt service funds are considered assigned for the general purpose of the respective fund, as approved by the Company through the budget process.

  - **Unassigned**—This classification is used for: (a) deficit unrestricted fund balances in any governmental fund; or (b) fund balances within the General Fund that are not restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is generally the practice of the Company to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use in any governmental fund, it is the Company's practice to use committed resources first, then assigned, and then unassigned as needed.

- **Net Position**

  Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position invested in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations. Net position not reported as net position invested in capital assets, net of related debt or restricted net position are reported as unrestricted net position.

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

Budgetary Basis Accounting
Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

Deposits and Investments
During the year ended June 30, 2025, the Company maintained cash deposits on a pooled basis for all of the Charter Schools. Cash deposits are generally held by banks qualified as public depositories under Florida law. All deposits held by qualified public depositories are insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes. The Company's cash consists primarily of demand deposits with financial institutions.

The Company's restricted cash consists of a certificate of deposit with a financial institution, which serves as collateral for the mortgage note payable described in Note 6. This certificate of deposit is held by a qualified public depository, insured by federal depository insurance and collateralized with securities held in Florida's multiple financial institution collateral pool as required by Chapter 280, Florida Statutes.

Accounts Receivable
Accounts receivable consist of amounts due from governmental agencies for various programs. Allowances are reported when management estimates that accounts may be uncollectible.

Capital Assets and Depreciation
Expenditures for capital assets acquired for general Company purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	Years
Improvements Other Than Buildings	5-20
Buildings	30
Furniture, Fixtures and Equipment	3-7
Motor Vehicles	3-7
Computer Software	3

Information relative to changes in capital assets is described in Note 4.

Compensated Absences
Company employees are entitled to certain compensated absences based on their length of employment. Accumulated unpaid vacation and sick pay are accrued at the government-wide level when earned. Benefits are considered earned and a liability is recognized for these benefits when they are attributable to services already rendered, are accumulative, and are more likely than not to be used as time off or settled through cash payments upon termination. These accumulated benefits are only recorded when paid in the governmental fund types. The compensated absence liability is measured using current pay rates and includes payroll taxes. A LIFO (last-in, first-out) flow assumption is used, reflecting that employees use recently earned leave first.

Long-Term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term debt is described in Note 6.

Fund Balance Spending Policy

The Company's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. The Board of Trustees reviews the amounts in the fund balances in conjunction with the annual budget approval and makes adjustments as necessary to meet expected cash flow needs. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Trustees. The Board of Trustees has delegated authority to assign funds to the Superintendent and Chief Financial Officer of the Company.

The Charter Schools are individually required by the School Board to maintain an unassigned general fund balance equal to at least 3% of general fund revenues. The Company has an internal fund balance policy to maintain an unassigned general fund balance equal to not less than 10% of budgeted general fund revenues as of June 30th of each year for the Charter Schools as a whole. In addition, the Company's internal fund balance policy requires that each charter school maintain an unassigned general fund balance equal to a minimum of 5% of budgeted general fund revenues - 3% to meet the School Board's requirement and 2% to provide for sufficient cash flow for fiscal stability. There are no minimum fund balance requirements for any of the Company's other funds.

Revenue Sources

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the Charter Schools' charters. As such, the Charter Schools' revenue streams are largely dependent upon the general state of the economy and the amounts allotted to the FDOE by the state legislature. In accordance with the funding provisions of the charters and Section 1002.33(18), Florida Statutes, the Charter Schools report the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the Charter Schools is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the Charter Schools during the designated full-time equivalent student survey periods. The School Board receives a 5% administrative fee from the Charter Schools, which is reflected as a general administration expense/expenditure in the accompanying financial statements. This administrative fee is calculated on the FEFP revenue up to 500 students within the system.

The Company receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

Bok South and Bok North are eligible for charter school capital outlay funding. The amounts received under this program are based on actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any unexpended amounts are reflected as restricted net assets and restricted fund balance in the accompanying statement of net position and balance sheet – governmental funds.

Income Taxes
The Company is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Use of Estimates
In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental funds and affect revenues and expenditures for the period presented. Actual results could differ significantly from those estimates.

Implementation of New Accounting Standards
During the year ended June 30, 2025, the Company adopted GASB Statements No. 101, *Compensated Absences*, and No. 102, *Certain Risk Disclosures*. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences, achieved by aligning the recognition and measurement under a unified model and by amending certain previously required disclosures. As a result of the adoption of this statement, the Company assessed its calculation of compensated absences for compliance with provisions of the statement. The Company has determined, based on the nature of the compensated absence liability flow assumption and an analysis of historical usage and payout trends, that its current calculation methodology for compensated absences complies with the provisions of GASB Statement No. 101 in all material respects. As a result, no restatement of the prior year financial statements is required.

Note 2 - <u>Interfund Activities</u>

Due to/from other funds and advances between funds consisted of the following balances as of June 30, 2025:

	Interfund Receivables	Interfund Payables
General Fund	$ 4,548,349	$ -
Capital Projects Fund	-	4,548,349
Total Interfund	$ 4,548,349	$ 4,548,349

The purpose of the interfund loan is to fund construction costs at Bok North, which will be repaid with Charter School Capital Outlay funding and transfers from Bok North general fund as funds become available once construction is complete.

A summary of transfers between funds for the year ended June 30, 2025, is shown below:

	Transfers In	Transfers Out
General Fund	$ -	$ 300,000
Special Revenue Fund	-	1,657,644
Capital Projects Fund	1,957,644	-
Total Interfund	$ 1,957,644	$ 1,957,644

The general purpose for transfers is to pay for costs related to construction in progress at Bok North.

Note 3 - Accounts Receivable

Accounts receivable included in the accompanying financial statements include receivables from federal and state agencies under various grants, as follows:

Title I Grants to Local Education Agencies	$ 341,298
Special Education - Grants to States (IDEA, Part B)	132,347
Supporting Effective Instruction State Grant	9,380
Lake Wales Charter Schools Foundation	79,593
Charter School Capital Outlay	71,851
Student Support and Academic Enrichment Program	105,923
Education for Homeless Children and Youth	6,210
Career and Technical Education - Basic Grants to States (Perkins IV)	8,772
Reserve Officer Training Corps (ROTC)	7,484
English Language Acquisition State Grant	3,105
National School Lunch Program	394,973
Other	86,758
Total	$ 1,247,694

Based on collectibility of funds from these sources, the Company believes that an allowance for doubtful accounts is not considered necessary.

Note 4 - Changes in Capital Assets

Capital asset activity during 2025 was as follows:

	(Restated) Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated:				
Land	$ 769,882	$ -	$ -	$ 769,882
Construction in Progress	1,699,093	5,666,542	-	7,365,635
Total Capital Assets not Being Depreciated	2,468,975	5,666,542	-	8,135,517
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	3,619,351	415,576	(964,342)	3,070,585
Buildings	17,144,623	-	(297,267)	16,847,356
Furniture, Fixtures and Equipment	7,904,457	387,077	(4,027,446)	4,264,088
Motor Vehicles	2,414,402	41,000	(559,816)	1,895,586
Total Capital Assets Being Depreciated	31,082,833	843,653	(5,848,871)	26,077,615
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	(2,074,598)	(374,810)	964,342	(1,485,066)
Buildings	(3,386,433)	(578,778)	297,267	(3,667,944)
Furniture, Fixtures and Equipment	(6,375,127)	(827,191)	4,027,446	(3,174,872)
Motor Vehicles	(928,823)	(397,272)	559,816	(766,279)
Total Accumulated Depreciation	(12,764,981)	(2,178,051)	5,848,871	(9,094,161)
Capital Assets Being Depreciated, Net	18,317,852	(1,334,398)	-	16,983,454
Governmental Activities, Net	$ 20,786,827	$ 4,332,144	$ -	$ 25,118,971

Depreciation expense was charged to functions as follows:

Governmental Activities		
Instruction	$	307,256
Student Support Services		197
Instructional Media		2,064
Instruction and Curriculum Development		84,996
Instruction-Related Technology		30,895
General Administration		4,378
School Administration		26,620
Facilities Acquisition and Construction		616,032
Food Services		281,566
Pupil Transportation		370,767
Operation of Plant		246,741
Maintenance of Plant		62,229
Administrative Technology Services		5,567
Community Services		138,743
Total Governmental Activities	$	2,178,051

Note 5 - Commitments and Contingent Liabilities

Grants

The Company participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Company has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2025, may be impaired. In the opinion of the Company, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

In the normal course of conducting its operations, the Company occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

Risk Management Program

Workers' compensation coverage, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

Note 6 - Long-Term Liabilities

Long-term liabilities activity during fiscal year 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Compensated Absences	$ 1,347,880	$ 983,149	$ -	$ 2,331,029	$ 1,282,068
Bonds Payable	9,736,223	-	(431,446)	9,304,777	450,035
Notes Payable	1,660,032	-	(621,257)	1,038,775	251,126
Net Pension Liability	27,069,201	-	(1,422,990)	25,646,211	-
Governmental Activities, Net	$ 39,813,336	$ 983,149	$ (2,475,693)	$ 38,320,792	$ 1,983,229

Compensated absences and pension liability are presented net.

Bonds Payable

Industrial Development Revenue Bonds, Series 2014
In January 2014, the Company entered into an agreement with the City of Lake Wales, Florida (the Issuer). Under the agreement, the Issuer declared its intention to issue its Industrial Development Revenue Bonds, Series 2014 (Series 2014 Bonds) in the total principal amount of $4,086,000 for the purpose of refinancing the Company's outstanding portion of a mortgage loan dated June 24, 2008 related to the Edward W. Bok Academy South school facility and to pay for costs associated with the issuance of the bonds. The Series 2014 Bonds were privately placed with Citizens Bank & Trust (the Lender) and do not constitute a debt, liability or obligation of the Issuer, Polk County, Florida or of the State of Florida or of any other political subdivision. Principal and interest of $23,500 is due monthly at an initial rate of 2.95% adjusted every five years to the FHLB 7-year Principal Reducing Credit (PRC) rate plus 1.13% until final maturity date of March 6, 2034. At June 30, 2025 the interest rate was 5.65%. The Series 2014 Bonds are secured by a first mortgage on the Edward W. Bok Academy South school facility, all furniture, fixtures and equipment of the Company and the Charter Schools, and a $2,000,000 certificate of deposit.

Industrial Development Revenue Bonds, Series 2021
On September 1, 2021, the Company entered into an agreement with Polk County Industrial Development Authority (the Issuer). The Issuer has agreed to issue Industrial Development Revenue Bonds, Series 2021, in the principal amount of up to $8,000,000 (the Bonds). The Bonds will be used to finance the cost of: (i) construction, equipping and renovation of certain improvements on the Edward W. Bok Academy North campus; (ii) site development and construction of a new approximately 30,000 square foot instructional building consisting of 18 classrooms; (iii) renovation of a cafeteria building and other improvements related thereto; and (iv) to pay for other costs of issuing the bonds (the Project). The Bonds were privately placed with Citizens Bank and Trust (the Lender) and do not constitute a debt, liability or obligation of the Issuer or of the State of Florida or of any other political subdivision. The Lender has agreed to purchase the bonds by making advances to the Company in order to provide funds to finance the Project. The Bonds are subject to an initial 10-year fixed interest rate of 2.40%. The initial rate will be the floor; each subsequent adjusted rate will be based on the 5-year Treasury Rate at the date of change plus a margin of 2.40%. The Bonds were issued at par. The agreement required interest only payments for the first 12 months (November 2021 to October 2022) based on the outstanding balance and 9 years of principal and interest payments followed by a one-time adjustment for the next five-year payment period and another one-time adjustment for the next five-year payment period and a final one-time adjustment for the last five-year payment period, all based on a 24-year amortization.

The financing agreement for the Bonds described above contains certain covenants with which the Company must comply. As of June 30, 2025, the Company was in compliance with all restrictive covenants.

Notes Payable
Notes payable consist of the following as of June 30, 2025:

Note payable to a financial institution; principal and interest of $16,666 due monthly at 7.00%; maturity date of October 2030; secured by buses purchased in 2023 and a Certificate of Deposit of $1,400,000	1,004,316
Note payable to a financial institution; principal and interest of $6,147 due monthly at 5.89%; maturity date of February 2027; secured by ten buses.	34,459
Total Long-Term Debt	1,038,775
Less Amount Due or Payable Within One Year	(251,126)
Amount Due or Payable After One Year	$ 787,649

Future debt service requirements related to bonds and notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 701,161	$ 344,278	$ 1,045,439
2027	667,035	312,501	979,536
2028	684,799	280,631	965,430
2029	703,367	247,780	951,147
2030	710,430	214,172	924,602
2031-2035	2,565,366	724,917	3,290,283
2036-2040	1,796,771	413,209	2,209,980
2041-2045	2,025,610	184,370	2,209,980
2046-2050	489,013	7,043	496,056
Total	$ 10,343,552	$ 2,728,901	$ 13,072,453

Note 7 - Pension Plans

Pension Plan Descriptions
The Florida Department of Management Services, Division of Retirement (Division), is part of the primary government of the State of Florida and is responsible for administering the FRS Pension Plan and Other State-Administered Systems (System). The Company participates in two defined benefit plans administered by the Division. The Division issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The FRS Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under Sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations is optional.

The Retiree HIS Program is a non-qualified, cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of the state-administered retirement systems in paying their health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

The benefits under the HIS program are described in Section 112.363, Florida Statutes. In general, an eligible retiree is entitled to a benefit of $7.50 per month per year of service, with a minimum benefit of $45 per month and maximum benefit of $225 per month. The retiree must apply for and provide certification of health insurance coverage to be eligible for the subsidy.

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates for the year ended June 30, 2025, were as follows:

	Percent of Gross Salary	
Class or Plan	Employee	Employer (a)
Florida Retirement System, Regular	3%	13.57%
Florida Retirement System, Re-Employed Retiree	(b)	(b)

(a) Employer rates include 2% for HIS and 0.06% for administration of FRS and provision of educational tools for both plans, and any applicable unfunded actuarial liability rates.
(b) Contribution rates are dependent upon the retirement class in which re-employed.

The Company's contributions for the year ended June 30, 2025, were $2,319,262 to the FRS Pension Plan and $540,794 to the HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended June 30, 2025, the Company reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program that were measured as of June 30, 2024. The Company's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability	$ 16,123,791	$ 9,522,420
Proportion at:		
Current Measurement Date	0.0417%	0.0635%
Prior Measurement Date	0.0430%	0.0625%
Pension Expense	$ 2,755,799	$ 533,083

Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2025, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions After Measurement Date	$ 2,319,262	$ -	$ 540,794	$ -
Difference Between Expected and Actual Experience	1,628,936	-	91,945	18,284
Change of Assumptions	2,209,913	-	168,524	1,127,332
Changes of Proportion and Difference Between Company Contributions and Proportionate Share of Contributions	1,207,431	965,771	783,332	303,527
Net Difference Between Projected and Actual Earnings on Pension Investments	-	1,071,671	-	3,444
Total	$ 7,365,542	$ 2,037,442	$ 1,584,595	$ 1,452,587

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending June 30, 2026. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending	FRS Amount	HIS Amount
2026	$ 46,054	$ 18,841
2027	2,801,508	(32,890)
2028	115,083	(171,657)
2029	(75,999)	(132,831)
2030	122,192	(70,185)
Thereafter	-	(20,064)
Total	$ 3,008,838	$ (408,786)

Actuarial Assumptions
The total pension liability for each of the defined benefit plans was measured as of June 30, 2024. The total pension liability for the FRS Pension Plan and the HIS Program were determined by a actuarial valuations dated July 1, 2024.

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary Increases Including Inflation	3.50%	3.50%
Long-Term Expected Rate of Return	6.70%	N/A
Discount Rate	6.70%	3.93%

Mortality assumptions for FRS Pension Plan and HIS Plan were based on the Pub-2010 base table varying by member category and sex, projected generationally with Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Assumed Inflation – Mean			2.4%	1.5%

Note: (1) As Outlined in the Plan's Investment Policy.

Discount Rate. The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The discount rate used to measure the total pension liability for the HIS Pension Plan was 3.93%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

The following changes in actuarial assumption occurred since the previous measurement period:

- HIS—The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.65% to 3.93%.

Sensitivity of the Company's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

FRS	**1% Decrease (5.70%)**	**Current Discount Rate (6.70%)**	**1% Increase (7.70%)**
Company's Proportionate Share of the Net Pension Liability	$ 28,361,184	$ 16,123,791	$ 5,872,379

HIS	**1% Decrease (2.93%)**	**Current Discount Rate (3.93%)**	**1% Increase (4.93%)**
Company's Proportionate Share of the Net Pension Liability	$ 10,840,050	$ 9,552,419	$ 8,428,572

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report.

Note 8 - Schedule of State and Local Revenue Sources

The following is a schedule of state and local revenue sources and amounts:

Florida Education Finance Program	$ 25,971,042
Class Size Reduction	4,833,580
Discretionary Local Effort	2,032,503
Discretionary Millage Funds	2,068,149
Teacher Salary Increase Allocation	1,861,587
Supplemental Academic Instruction	1,263,389
ESE Guaranteed Allocation	1,312,188
Transportation	1,230,606
Capital Outlay	848,072
Safe Schools	449,818
Mental Health Assistance Allocation	312,858
Advanced Placement Bonus	278,419
School Recognition	386,922
Career and Professional Education Bonus	190,456
Teacher Lead Pay	79,500
VPK Grant	888
Other	125,000
Total	$ 43,244,977

The administration fee paid to the School Board during the year ended June 30, 2025, totaled approximately $205,000 which is included in general administration expense/expenditure in the accompanying financial statements.

Note 9 - Campus Facilities

Title to the school buildings and facilities and other capital assets acquired prior to July 1, 2004 remains with the School Board. Florida Statutes provide that the use of school buildings and facilities be furnished to charter schools on the same basis as made available to other public schools in the district. No rental or leasing fee may be charged by the district school board to the charter school or to the parents and teachers who organize the charter school.

In management's opinion, the value of facilities utilized by the Charter Schools is significant; therefore, any substantial changes in Florida Statues related to facilities used by conversion charter schools could have a material effect on the Company's operations.

Note 10 - Correction of Errors

The Company restated beginning fund balance and net position to correct errors in prior period financial statements resulting from: (1) incorrect allocation of cash between the capital project fund and general fund; this was accomplished by incorrectly classifying Edward W. Bok North Academy capital project expenses in the Central Office general fund in fiscal year 2023 and incorrectly classifying loans made to the capital projects fund from the general fund as transfers in fiscal years 2021 through 2024, (2) missing accrual of grant revenue, and (3) understatement of capital assets due to purchase option exercised for buses not being reported in fiscal year 2024.

The following table summarizes the effect of the errors on the Company's beginning fund balance and net position:

	Fund Balance As Previously Reported	Correct Allocation of Cash	Correct Revenue Accrual	Correct Understated Capital Assets	Fund Balance As Restated
Governmental Funds					
General Fund	$ 14,678,542	$ 2,784,202	$ 58,250	$ -	$ 17,520,994
Special Revenue Fund	3,110,581	-	-	-	3,110,581
Capital Projects Fund	1,511,817	(2,784,202)	-	-	(1,272,385)
Total Governmental Funds	$ 19,300,940	$ -	$ 58,250	$ -	$ 19,359,190

	Net Position As Previously Reported	Correction to Allocation of Cash	Correct Revenue Accrual	Correct Understated Capital Assets	Fund Balance As Restated
Governmental Activities	$ 9,292,891	$ -	$ 58,250	$ 516,254	$ 9,867,395

REQUIRED SUPPLEMENTARY INFORMATION

LAKE WALES CHARTER SCHOOLS, INC.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Federal Sources	$ -	$ -	$ 144,127	$ 144,127
State and Local Sources	43,132,387	43,300,020	42,396,905	(903,115)
Contributions and Other Revenue	1,392,129	639,590	1,619,232	979,642
Total Revenues	44,524,516	43,939,610	44,160,264	220,654
Expenditures				
Current:				
Instruction	27,038,334	27,376,633	27,764,041	(387,408)
Student Support Services	1,169,140	1,138,096	1,426,241	(288,145)
Instructional Media	411,268	412,689	403,784	8,905
Instruction and Curriculum Development	280,607	335,828	275,268	60,560
Instructional Staff Training	57,956	43,104	54,197	(11,093)
Instruction-Related Technology	104,000	121,778	109,177	12,601
Board	276,000	354,000	338,748	15,252
General Administration	422,707	326,218	312,932	13,286
School Administration	4,402,907	4,408,209	4,268,648	139,561
Fiscal Services	780,632	821,540	829,925	(8,385)
Central Services	216,609	276,009	290,672	(14,663)
Pupil Transportation	2,535,719	2,383,504	2,413,823	(30,319)
Operation of Plant	3,897,733	4,684,011	4,440,545	243,466
Maintenance of Plant	34,500	34,774	7,703	27,071
Administrative Technology Services	116,387	107,003	132,246	(25,243)
Community Services	736,505	965,332	775,277	190,055
Debt Service:				
Principal	368,602	365,253	252,792	112,461
Interest	-	-	54,244	(54,244)
Capital Outlay	-	-	668,309	(668,309)
Total Expenditures	42,849,606	44,153,981	44,818,572	(664,591)
Deficiency of Revenues Under Expenditures	1,674,910	(214,371)	(658,308)	(443,937)
Other Financing Sources (Uses)				
Proceeds from Notes Payables	-	947,464	-	(947,464)
Net Operating Transfer Out	(1,674,910)	(733,093)	(300,000)	433,093
Total Other Financing Sources (Uses)	(1,674,910)	214,371	(300,000)	(514,371)
Net Changes in Fund Balance	-	-	(958,308)	(958,308)
Fund Balance at Beginning of Year, as Restated	14,688,381	14,688,381	17,520,994	2,832,613
Fund Balance at End of Year	$ 14,688,381	$ 14,688,381	$ 16,562,686	$ 1,874,305

LAKE WALES CHARTER SCHOOLS, INC.
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE -SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Federal Sources	$ 10,366,778	$ 11,075,965	$ 11,424,020	$ 348,055
Contributions and Other Revenue	-	-	284,729	284,729
Total Revenues	10,366,778	11,075,965	11,708,749	632,784
Expenditures				
Current:				
Instruction	3,508,635	3,619,312	2,732,161	887,151
Student Support Services	110,353	451,528	564,088	(112,560)
Instructional Media	-	-	34,375	(34,375)
Instruction and Curriculum Development	572,664	675,410	1,854,379	(1,178,969)
Instructional Staff Training	27,957	31,071	45,101	(14,030)
General Administration	76,026	77,068	82,748	(5,680)
Facilities Acquisition and Construction	1,859,711	1,859,711	-	1,859,711
Food Services	3,621,828	3,894,306	3,668,999	225,307
Central Services	-	121,563	2,719	118,844
Pupil Transportation	-	-	8,208	(8,208)
Operation of Plant	16,432	16,432	6,545	9,887
Community Services	-	-	12,400	(12,400)
Capital Outlay	-	-	66,863	(66,863)
Total Expenditures	9,793,606	10,746,401	9,078,586	1,667,815
Excess of Revenues Over Expenditures	573,172	329,564	2,630,163	2,300,599
Other Financing Sources (Uses)				
Operating Transfer out	-	-	(1,657,644)	(1,657,644)
Total Other Financing Sources (Uses)	-	-	(1,657,644)	(1,657,644)
Net Changes in Fund Balance	573,172	329,564	972,519	642,955
Fund Balance at Beginning of Year,	2,656,549	2,963,324	3,110,581	147,257
Fund Balance at End of Year	$ 3,229,721	$ 3,292,888	$ 4,083,100	$ 790,212

LAKE WALES CHARTER SCHOOLS, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST 10 FISCAL YEARS ENDING JUNE 30

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Company's Proportion of the Net Pension Liability (Asset)	0.0417%	0.0430%	0.0433%	0.0426%	0.0374%	0.0360%	0.0349%	0.0355%	0.0369%	0.0381%
Company's Proportionate Share of the Net Pension Liability (Asset)	$ 16,123,791	$ 17,138,352	$ 16,124,578	$ 3,217,962	$ 16,212,548	$ 12,409,258	$ 10,526,445	$ 10,498,024	$ 9,315,030	$ 4,961,155
Company's Covered-Employee Payroll	$ 26,940,037	$ 24,933,485	$ 22,594,950	$ 21,343,006	$ 20,234,992	$ 18,618,144	$ 17,588,272	$ 17,568,119	$ 17,563,729	$ 16,873,854
Company's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	59.85%	68.74%	71.36%	15.08%	80.12%	66.65%	59.85%	59.76%	53.04%	29.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

HEALTH INSURANCE SUBSIDY PROGRAM

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Company's Proportion of the Net Pension Liability (Asset)	0.0635%	0.0625%	0.0619%	0.0602%	5.8300%	0.0556%	0.0538%	0.0550%	0.0565%	0.0548%
Company's Proportionate Share of the Net Pension Liability (Asset)	$ 9,522,420	$ 9,930,849	$ 6,554,070	$ 7,390,553	$ 7,112,360	$ 6,222,005	$ 5,689,001	$ 5,876,383	$ 6,579,392	$ 5,585,800
Company's Covered-Employee Payroll	$ 26,940,037	$ 24,933,485	$ 22,594,950	$ 21,343,006	$ 20,234,992	$ 18,618,144	$ 17,588,272	$ 17,568,119	$ 17,563,729	$ 16,873,854
Company's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	35.35%	39.83%	29.01%	34.63%	35.15%	33.42%	32.35%	33.45%	37.46%	33.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	1.00%

LAKE WALES CHARTER SCHOOLS, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
LAST 10 FISCAL YEARS ENDING JUNE 30

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 2,319,262	$ 2,360,188	$ 2,069,086	$ 1,849,238	$ 1,622,885	$ 1,242,855	$ 1,117,283	$ 995,984	$ 923,921	$ 899,649
Contributions in Relation to the Contractually Required Contribution	2,319,262	2,360,188	2,069,086	1,849,238	1,622,885	1,242,855	1,117,283	995,984	923,921	899,649
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Company's Covered-Employee Payroll	$ 27,039,700	$ 26,940,037	$ 24,933,485	$ 22,594,950	$ 21,343,006	$ 20,234,992	$ 18,618,144	$ 17,588,272	$ 17,568,119	$ 17,563,729
Contributions as a Percentage of Covered-Employee Payroll	8.58%	8.76%	8.30%	8.18%	7.60%	6.14%	6.00%	5.66%	5.26%	5.12%

HEALTH INSURANCE SUBSIDY PROGRAM

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 540,794	$ 537,430	$ 411,344	$ 374,426	$ 354,148	$ 335,674	$ 308,787	$ 291,490	$ 290,856	$ 289,358
Contributions in Relation to the Contractually Required Contribution	540,794	537,430	411,344	374,426	354,148	335,674	308,787	291,490	290,856	289,358
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Company's Covered-Employee Payroll	$ 27,039,700	$ 26,940,037	$ 24,933,485	$ 22,594,950	$ 21,343,006	$ 20,234,992	$ 18,618,144	$ 17,588,272	$ 17,568,119	$ 17,563,729
Contributions as a Percentage of Covered-Employee Payroll	2.00%	1.99%	1.65%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.65%

ADDITIONAL INFORMATION

LAKE WALES CHARTER SCHOOLS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Expenditures
Clustered				
Child Nutrition Cluster:				
United States Department of Agriculture:				
Florida Department of Agriculture and Consumer Services:				
School Breakfast Program	10.553	25002	$ -	$ 992,468
National School Lunch Program	10.555	25001, 25003	-	3,308,956
Total Child Nutrition Cluster			-	4,301,424
Special Education Cluster:				
United States Department of Education:				
Florida Department of Education:				
Special Education - Grants to States	84.027	263	-	1,063,934
Special Education - Preschool Grants	84.173	267	-	24,850
Total Special Education Cluster			-	1,088,784
Not Clustered				
United States Department of Defense:				
Army Junior Reserve Officers Training Corps	12.UNK	N/A	-	83,776
United States Department of Education:				
Florida Department of Education:				
Title I Grants to Local Educational Agencies	84.010	212, 226	-	3,018,680
Migrant Education - State Grant Program	84.011	217	-	27,235
Career and Technical Education - Basic Grants to States	84.048	161	-	79,331
Education for Homeless Children and Youth	84.196	127	-	75,568
English Language Acquisition State Grants	84.365	102	-	22,313
Supporting Effective Instruction State Grants	84.367	224	-	251,610
Student Support and Academic Enrichment	84.424	241	-	316,743
Education Stabilization Fund:	84.425			
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425U	121	-	2,136,315
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	COVID-19, 84.425W, 84.425	122	-	15,145
Total Education Stabilization Fund			-	2,151,460
Total United States Department of Education			-	5,942,940
Total Expenditures of Federal Awards			$ -	$ 11,416,924

LAKE WALES CHARTER SCHOOLS, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 - <u>Basis of Presentation</u>

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of Lake Wales Charter Schools, Inc. under programs of the Federal Government. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - <u>Summary of Significant Accounting Policies</u>

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - <u>Indirect Cost Rate</u>

The local education agency has not elected to use the 15 percent de minimis cost rate allowed under the Uniform Guidance.

Note 4 - <u>Non-Cash Assistance – National School Lunch Program</u>

Includes $202,054 of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of donation.

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

To the Board of Trustees
Lake Wales Charter Schools, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lake Wales Charter Schools, Inc. (the Company) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated March 23, 2026.

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-01 that we consider to be material weaknesses.

To the Board of Trustees
Lake Wales Charter Schools, Inc.

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

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2025-02.

Company's Response to Finding
Government Auditing Standards requires the auditor to perform limited procedures on the Company's response to the findings identified in our audit and described in the schedule of findings and questioned costs. The Company's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Purvis Gray

March 23, 2026
Gainesville, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Lake Wales Charter Schools, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Lake Wales Charter Schools, Inc.'s (the Company) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Company's major federal programs for the year ended June 30, 2025. The Company's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Company's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Company's federal programs.

To the Board of Trustees
Lake Wales Charter Schools, Inc.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Company's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Company's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, 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 Company's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

To the Board of Trustees
Lake Wales Charter Schools, Inc.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Purvis Gray

March 23, 2026
Gainesville, Florida

LAKE WALES CHARTER SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Non-compliance material to financial statements noted?	Yes

Federal Awards

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Type of Auditor's Report Issued on Compliance for Major Programs:	Unmodified for all major programs
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of the Uniform Guidance?	No
Identification of Major Programs:	Child Nutrition Cluster (ALN No. 10.553, 10.555)
	Special Education Cluster (ALN No. 84.027, 84.173)
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	$750,000
Auditee Qualified as Low-Risk Auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

2025-01 Material Audit Adjustments

Condition **–** During the audit, we noted errors in the Company's trial balance resulting in material proposed audit adjustments as follows:

- Increase in accounts payable/retainage and expenses by $650,000.
- Decrease in cost of capital assets and related accumulated depreciation of $5,800,000 to remove assets that were disposed of or no longer tracked in the Company's subsidiary ledger as of June 30, 2023. This adjustment had no net impact on total assets since the assets were fully depreciated.
- Restatement of beginning capital assets balance of $500,000 to record bus purchases made in a prior year.
- Restatement of cash in the general fund and capital projects fund by $2,800,000 to correct errors in cash transfers in prior year financial statements.
- Adjustments to equity of $1,900,000 in various schools to reconcile the Company's trial balance to the prior year audited financial statements.

Criteria **–** Proper internal controls over financial reporting should be designed to allow management or employees to prevent, or detect and correct, material misstatements on a timely basis.

Cause **–** The Company did not post audit adjustments reflected in the financial statements to its accounting records, resulting in significant unreconciled differences. Additionally, limitations with the current accounting system configuration, which does not automatically post pooled cash entries when a transaction occurs, results in the Company relying on a monthly manual cash transfer entry, which increases the likelihood of errors in the cash transfer.

Effect **–** If the errors had not been detected during the audit process, which is designed only to provide reasonable assurance the financial statements are fairly presented, the Company's financial statements would have been materially misstated.

Recommendation **–** We recommend that the Company implement a procedure to review and post audit adjustments identified during the audit and reconcile its records to the final audited trial balance, review trial balances by location to ensure funds are in balance, and reconcile the general ledger to its subsidiary records.

2025-02 Expenditures in Excess of Budget Appropriation

Condition **–** In accordance with state budget laws and sound financial management practices, expenditures should not exceed legally adopted budget appropriations. During our audit, we noted that expenditures in the General Fund exceeded the final amended budget by $664,591. The budget was not compared to the final actual activity at the close of the fiscal year and was not amended to account for unanticipated expenditures.

Effect **–** Expenditures exceeded the legally adopted budget.

Recommendation **–** We recommend that management implement a process to review and amend the annual budget when significant variances are identified during the year. Amending the budget throughout the year provides more accurate oversight for both management and the Board.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - STATUS OF PRIOR YEAR AUDIT FINDINGS

No prior year findings were reported.

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LAKE WALES CHARTER SCHOOLS

Lake Wales Charter Schools Inc.
Management's Corrective Action Plan
For the Fiscal Year Ended June 30, 2025

Finding Number: 2025-01

Planned Corrective Action:

- The Chief Financial Officer (CFO) concurs with the recommendation and will take action during the 2025-26 fiscal year to implement a pooled cash system that ensures all cash transactions are properly recorded within each fund. The accounting team will work with Skyward to determine if automating cash posting can be executed when recording transactions.

- The CFO will implement a procedure to review and post all audit adjustments within 30 days of the release of the audited financial statements, ensuring the final trial balance aligns with the report.

Anticipated Completion Date: May 31, 2026

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Lake Wales Charter Schools Inc.
Management's Corrective Action Plan
For the Fiscal Year Ended June 30, 2025

Finding Number: 2025-02

Planned Corrective Action:

- The Chief Financial Officer (CFO) concurs with the recommendation and will take action during the 2025-26 fiscal year to implement formal procedures to review and amend the budget for variances in accordance with the current Board Policy.

Anticipated Completion Date: May 31, 2026