THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD

(A CHARTER SCHOOL UNDER THE SCHOOL OF ARTS AND SCIENCES FOUNDATION, INC. AND COMPONENT UNIT OF LEON COUNTY SCHOOL DISTRICT)

FINANCIAL STATEMENTS

JUNE 30, 2025

THE SCHOOL OF ARTS AND SCIENCES
ON THOMASVILLE ROAD
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JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The School of Arts and Sciences Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of The School of Arts and Sciences on Thomasville Road (a charter school under The School of Arts and Sciences Foundation, Inc. and a component unit of the School Board of Leon County, Florida) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of The School of Arts and Sciences on Thomasville Road as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAS) and the standards applicable to the 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 School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Restatement of Previously Issued Financial Statement

As discussed in Note 12 to the financial statements, the School restated the accompanying June 30, 2025, financial statements to correct an understatement of deferred outflows of resources related to pension contributions subsequent to the measurement date. The correction resulted in an increase to deferred outflows of resources and a corresponding decrease to expenses allocated among instructional, administrative, and community service functions. Our opinion is not modified with respect to this matter.

Other Matter – Superseded Auditors' Report

We previously issued our report dated September 29, 2025, on the June 30, 2025, financial statements. That report should no longer be relied upon because the financial statements have been restated as described in Note 12. We have reissued our report with the dual dates presented below.

Implementation of New Accounting Standard

As discussed in Note 11 to the financial statements, the Corporation adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, (GASB101). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The School's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAS, we:

- Exercise professional judgement 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 the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise a substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2025, on our consideration of The School of Arts and Sciences on Thomasville Road's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering The School of Arts and Sciences on Thomasville Road's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
September 29, 2025, except as to Note 12, which is as of July 27, 2026

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

This discussion and analysis (MD&A) of The School of Arts and Sciences on Thomasville Road's (the "School") financial condition provides an overview of financial activity, identifies changes in financial position and assists the reader in focusing on significant financial issues. The primary purpose of the School is to provide an educational program for approximately 460 students. It is important to the long-term existence of the School to maintain its financial health. Net position is accumulated only to the extent required to ensure that there are sufficient reserve funds for future operations and for new capital needs.

The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- The School's governmental funds reported combined ending fund balances of $1,805,999.
- The School's net position was $1,692,516 at June 30, 2025.
- Total governmental fund expenses exceeded revenues and other financing uses by $60,724.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of The School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of The School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by school board, state, and federal funding (governmental activities) and charges for services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of The School include basic instruction, instruction and development, instructional staff training, board, school administration, fiscal services, food services, transportation services, operation of plant, central services, maintenance of plant, community service, capital outlay and debt service.

The government-wide financial statements include only The School itself, which is a component unit of the Leon County School Board. The Leon County School Board includes the operations of the School in their operations.

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

Fund financial statements—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances in the general fund and capital fund, both of which are considered to be major funds. The general fund is not restricted by an outside source and can be used to fund general activities. This fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital grants.

The School adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. Presentation of the Capital Fund is not required by GASB.

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

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 16 of this report.

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide data about net position and changes in net position as of and for the years ended June 30, 2025 and 2024.

Net Position

The School of Arts and Sciences on Thomasville Road's Net Position

	2025	2024
ASSETS		
Current and other assets	$ 1,947,379	$ 1,967,711
Capital and right-to-use assets	5,227,327	5,262,347
Total assets	$ 7,174,706	$ 7,230,058
Deferred outflows of resources	$ 775,516	$ 846,833
LIABILITIES		
Current and other liabilities	$ 304,549	$ 258,160
Long-term liabilities	5,609,801	5,912,034
Total liabilities	$ 5,914,350	$ 6,170,194
Deferred inflows of resources	$ 343,356	$ 156,017
NET POSITION		
Net investment in capital assets	$ 1,925,446	$ 1,803,294
Restricted for:		
Captial outlay	42,107	105,214
Unrestricted	(275,037)	(157,828)
Total net position	$ 1,692,516	$ 1,750,680

Changes in Net Position

	2025	2024
REVENUES		
Program revenues:		
Charges for services	$ 287,270	$ 283,472
Operating grants and contributions	297,078	693,016
Capital grants and contributions	347,431	290,535
General revenues:		
Leon County School District	3,769,884	3,518,924
Contributions and miscellaneous	416,280	213,212
Total revenues	5,117,943	4,999,159
EXPENSES		
Instruction	3,449,194	3,797,090
Instruction and curriculum development	25,119	42,360
Instructional staff training	37	979
Board	22,909	35,159
School administration	457,706	605,478
Facility acquisition and construction	-	2,599
Fiscal services	17,160	14,655
Food services	11,236	9,817
Pupil transportation services	278,374	132,255
Operation of plant	238,569	269,214
Central services	39,835	38,548
Maintenance of plant	80,502	65,451
Community service	284,089	278,028
Debt service	127,000	127,284
Total expenses	5,031,730	5,418,917
Change in net position	86,213	(419,758)
Net position, beginning of year, as restated	1,606,303	2,170,438
Net position, end of year	$ 1,692,516	$ 1,750,680

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets did exceed liabilities by $1,260,356 at the close of the most recent fiscal year. The $86,213 increase in net assets is primarily attributed to the School's principal payment on its outstanding debt.

As a result of the current fiscal year operations, the School is reporting a decrease of $117,209 in unrestricted net position from governmental activities based on operating activities. The School is reporting a current year increase of $122,152 in net investment in capital assets. This increase is related to the payment on long-term debt.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The fund financial statements provide detailed information about the most significant funds – not the School as a whole. Some funds are required to be established by State law. However, management may establish various funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies that it receives.

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

As of the end of the current fiscal year, the School's governmental funds reported combined ending fund surplus of $1,805,999.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund surplus of the general fund was $1,758,892, an increase of $2,383 from the prior year. The total general fund balance increased by $2,383 during the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the fiscal year, the School revises its General Fund Budget in order to deal with unexpected changes in revenue and expenditures. The Governing Board adopts its initial budget based on projected enrollment and the corresponding projected revenues. Amendments are primarily required to reflect changes in revenue estimates from the State of Florida Education Finance Program (FEFP) as actual enrollments are determined. The 2025 actual amounts compared to final budgeted amounts showed that actual expenditures were less than budgeted, contributing to the increase in fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Debt—Information on the School's debt can be found in Note 8, see table of contents for notes to the financials.

Capital assets—At June 30, 2025, the School had $5,227,327 invested in capital assets (net of depreciation), including land, construction in progress, furniture, equipment and building improvements.

	Governmental Activities June 30, 2025
Land	$ 590,436
Construction in progress	86,357
Furniture, Fixtures and Equipment	198,305
Buildings and land improvements	6,284,784
Accumulated depreciation	(1,932,555)
Totals	$ 5,227,327

ECONOMIC FACTORS

The economic position of the School for general operating is closely tied to that of the State. The formula for determining funding for education is set by Statute. State funds to charter schools are provided primarily by legislative appropriations from the State's general revenue funds under the Florida Education Finance Program (FEFP), and the State funding for operations is primarily from sales, gasoline, and corporate income taxes. Additionally, the level of tourism in the State heavily influences the amount of taxes collected. Significant changes in State revenue collections could directly impact future School revenue allocations.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of The School of Arts and Sciences on Thomasville Road's finances for all those with an interest in the school's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The School of Arts and Sciences on Thomasville Road, 3208 Thomasville Road, Tallahassee, FL 32308.

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,795,935
Accounts receivable, net	123,598
Due from other agencies	22,846
Deposits	5,000
Capital assets, not being depreciated	676,793
Capital assets, being depreciated, net	4,550,534
Total assets	$ 7,174,706
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	$ 775,516
LIABILITIES	
Accounts payable and accrued expenses	$ 141,380
Noncurrent liabilities:	
Due within one year	163,169
Due in more than one year	3,138,712
Compensated absences	210,614
Net pension liability	2,260,475
Total liabilities	$ 5,914,350
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	$ 343,356
NET POSITION	
Net investment in capital assets	$ 1,925,446
Restricted for:	
Capital outlay	42,107
Unrestricted	(275,037)
Total net position	$ 1,692,516

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

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 3,449,194	$ -	$ 171,574	$ -	$ (3,277,620)
Instruction and curriculum development	25,119	-	-	-	(25,119)
Instructional staff training	37	-	-	-	(37)
Board	22,909	-	-	-	(22,909)
School administration	457,706	-	-	-	(457,706)
Facility acquisition and construction	-	-	-	347,431	347,431
Fiscal services	17,160	-	-	-	(17,160)
Food services	11,236	-	-	-	(11,236)
Pupil transportation services	278,374	-	125,504	-	(152,870)
Operation of plant	238,569	-	-	-	(238,569)
Central services	39,835	-	-	-	(39,835)
Maintenance of plant	80,502	-	-	-	(80,502)
Community service	284,089	287,270	-	-	3,181
Interest	127,000	-	-	-	(127,000)
Total governmental activities	$ 5,031,730	$ 287,270	$ 297,078	$ 347,431	(4,099,951)
General revenues:					
Leon County School District					3,769,884
Contributions not restricted					255,714
Local revenues					83,956
Investment earnings					76,610
Net position, beginning of year					1,750,680
Restatement of beginning balance					(144,377)
Net position, beginning of year, as restated					1,606,303
Change in net position					86,213
Net position, end of year					$ 1,692,516

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

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,793,435	$ -	$ 2,500	$ 1,795,935
Accounts receivable, net	123,598	-	-	123,598
Due from other agencies	-	22,846	-	22,846
Due from other funds	2,500	19,261	-	21,761
Deposits	5,000	-	-	5,000
Total Assets	$ 1,924,533	$ 42,107	$ 2,500	$ 1,969,140
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued expenses	$ 141,380	$ -	$ -	$ 141,380
Due to other funds	19,261	-	2,500	21,761
Total liabilities	160,641	-	2,500	163,141
Fund Balances:				
Nonspendable - deposits	5,000	-	-	5,000
Restricted:				
Capital outlay	-	42,107	-	42,107
Unassigned	1,758,892	-	-	1,758,892
Total fund balance	1,763,892	42,107	-	1,805,999
Total Liabilities and Fund Balances	$ 1,924,533	$ 42,107	$ 2,500	$ 1,969,140

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

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Projects Fund	Other Governmental Fund	Total Governmental Funds
Revenues				
Intergovernmental				
Florida education finance program	$ 3,840,490	$ -	$ -	$ 3,840,490
Capital outlay funds	-	347,431	-	347,431
Federal through local	96,782	-	-	96,782
State through local	63,766	-	65,924	129,690
Local	703,550	-	-	703,550
Total revenues	4,704,588	347,431	65,924	5,117,943
Expenditures				
Instruction	3,224,262	-	65,924	3,290,186
Instruction and curriculum development	25,119	-	-	25,119
Instructional staff training	37	-	-	37
Board	26,239	-	-	26,239
School administration	463,535	-	-	463,535
Fiscal services	17,160	-	-	17,160
Food services	11,236	-	-	11,236
Pupil transportation services	278,374	-	-	278,374
Operation of plant	238,569	-	-	238,569
Central services	39,835	-	-	39,835
Maintenance of plant	80,502	-	-	80,502
Community service	285,074	-	-	285,074
Capital outlay	-	138,629	-	138,629
Debt service:				
Principal	-	157,172	-	157,172
Interest	-	127,000	-	127,000
Total expenditures	4,689,942	422,801	65,924	5,178,667
Excess (deficiency) of revenues over expenditures	14,646	(75,370)	-	(60,724)
Other financing sources (uses)				
Transfers in	-	12,263	-	12,263
Transfers out	(12,263)	-	-	(12,263)
Total other financing sources (uses)	(12,263)	12,263	-	-
Net change in fund balances	2,383	(63,107)	-	(60,724)
Fund balances, beginning of year	1,761,509	105,214	-	1,866,723
Fund balances, end of year	$ 1,763,892	$ 42,107	$ -	$ 1,805,999

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

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:		
Fund balances - total governmental funds		$ 1,805,999
Long-term liabilities, including notes payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	(210,614)	
Note payable	(3,301,881)	(3,512,495)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets being depreciated	7,159,882	
Accumulated depreciation	(1,932,555)	5,227,327
Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.		
Deferred outflows related to pensions	775,516	
Net pension liability	(2,260,475)	
Deferred inflows related to pensions	(343,356)	(1,828,315)
Net position of governmental activities		$ 1,692,516

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

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

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

Net change in fund balances-total governmental funds		$ (60,724)
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 depreciation expense and amortization expense exceeded capital outlays in the current period.		
Capital outlays	137,212	
Depreciation	(172,232)	
		(35,020)
The repayment of the principal of long-term debt consumes current financial resources of he governmental funds. The issuance of debt provides financial resources for current and long term use. This is the amount by which debt payments exceeded debt proceeds in the current period.		157,172
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:		
Compensated absences	(36,008)	
Net pension liability and deferred inflows/outflows related to pensions	60,793	
		24,785
Change in net position of governmental activities		$ 86,213

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

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of The School of Arts and Sciences on Thomasville Road (the "School"), which affect significant elements of the accompanying basic financial statements:

(a) **Reporting entity**—The School entered into a contract with the School Board of Leon County, Florida ("Sponsor") to provide an educational program for elementary and middle school students in grades kindergarten through eighth. The School receives a majority of its funding through the Sponsor based on a formula of student attendance which is identical to that of other Leon County, Florida public elementary and middle schools. The current charter is effective through June 30, 2026, and may be renewed based on academic performance, by mutual agreement between the School and the Sponsor. At the end of the term of the charter, the Sponsor may choose not to renew the charter under grounds specified in the charter, in which case the Sponsor is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the Sponsor may also terminate the charter if good cause is shown. The School is considered a component unit of the School Board of Leon County, Florida.

The accompanying financial statements referred to above are intended to present the basic financial statements and related notes of only that portion of The School of Arts and Sciences Foundation, Inc. that is attributable to the transactions of The School of Arts and Sciences on Thomasville Road and is not intended to, be a complete presentation of the basic financial statements and related notes of The School of Arts and Sciences Foundation, Inc., as of June 30, 2025, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(b) **Description of government wide financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, are normally supported by intergovernmental revenues, and other nonexchange transactions.

(c) **Basis of presentation – government wide financial statements**—While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

(d) **Use of estimates**—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Basis of presentation – fund financial statements**—The fund financial statements provide information about the government's funds. Separate statement for the fund category, governmental, is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

General Fund—The general fund is used to record the general operations of the School pertaining to education and those operations not provided for in other funds.

Capital Projects Fund—The capital projects fund is used to account for financial resources to be used for educational capital outlay needs, including new construction, renovation and remodeling projects, and major maintenance projects.

During the course of operations the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

(f) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues, such as monies received from the Leon County School Board, are reported as general revenues.

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor

(1) **Summary of Significant Accounting Policies:** (Continued)

for determining eligibility for Federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

(g) **Budgetary information**—The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School's governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenues and expenditures primarily resulting from events unknown at the time of budget adoption.

The amounts reported as the original budgeted amounts in the budgetary statements reflect anticipated revenue and expense amounts at the time the budget was adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

(h) **Deposits**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as deposits in both the government wide and fund financial statements. The cost of deposits is recorded as expenditures/expenses when consumed rather than when purchased.

(i) **Capital assets**—Capital assets are defined by the School as assets with an initial individual cost of at least $1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Property, plant and equipment of the School is depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Land improvements	8–35
Buildings and improvements	10–50
Leasehold improvements	7–20
Furniture, fixtures, and equipment	3–10
Computer software	3–5

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Accrued compensated absences**—It is the School's policy to permit employees to accumulate earned but unused vacation and sick benefits. The School recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

(k) **Long-term obligations**—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position.

(l) **Fund balance and net position**—

Net position flow assumption—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's highest level of decision-making authority. The School Board is the highest level of decision-making authority for the School that can, by passing a motion prior to the end of the fiscal year, commit fund balance.

Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

(1) **Summary of Significant Accounting Policies:** (Continued)

Amounts in the assigned fund balance classification are intended to be used by the School for specific purposes but do not meet the criteria to be classified as committed. The School Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

(m) **Revenue sources**—Revenues for current operations are received primarily from the Leon County School Board pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the Leon County School Board. Under the provisions of Section 1011.62, Florida Statutes, the Leon County School Board reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted FTE students reported by the School during designated FTE student survey periods.

The School may receive federal and state awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies. These awards may have eligibility requirements whereby the issuance of grant funds is withheld until such eligible expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred.

(n) **Pensions**—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) have been determined on the same basis as they are reported by FRS and actuary, respectfully. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(o) **Deferred outflows/inflows of resources**—In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note 9.

(2) **Significant Funding Source:**

The School receives a substantial amount of its funding from the Leon County School Board. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the School's programs and activities.

(3) Deposits:

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned. At year end, the carrying amount of the School's deposits was $1,795,935 and the bank balance was $1,856,670. Of the bank balance, $250,000 was covered by Federal depository insurance or by collateral held by the School's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

The carrying amount of deposits consisted of the following as of June 30, 2025:

Cash and cash equivalents	$ 1,795,935

(4) Capital Assets:

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 590,436	$ -	$ -	$ 590,436
Construction in progress	5,664	80,693	-	86,357
Total capital assets, not being depreciated	596,100	80,693	-	676,793
Capital assets, being depreciated:				
Land Improvements	191,937	-	-	191,937
Building and Improvements	6,045,896	46,951	-	6,092,847
Furniture, fixture and equipment	254,202	9,568	(76,363)	187,407
Audio-visual materials	10,898	-	-	10,898
Total capital assets, being depreciated	6,502,933	56,519	(76,363)	6,483,089
Less accumulated depreciation for:				
Land improvements	(113,410)	(12,508)	-	(125,918)
Building and improvements	(1,519,220)	(139,284)	-	(1,658,504)
Furniture, fixture and equipment	(193,158)	(20,440)	76,363	(137,235)
Audio-visual materials	(10,898)	-	-	(10,898)
Total accumulation depreciation	(1,836,686)	(172,232)	76,363	(1,932,555)
Capital assets, net	$ 5,262,347	$ (35,020)	$ -	$ 5,227,327

Depreciation expense of $172,232 was charged to the function of Instruction.

(5) Related Party Transactions:

The School of Arts and Sciences Foundation, Inc. consists of two schools, The School of Arts and Sciences on Thomasville Road and The School of Arts and Sciences at the Centre. The two related parties are under the same management team and have frequent combined transactions related to payroll expenses, utility services, and other miscellaneous expenses. At June 30, 2025, $109,230 related to payroll and other miscellaneous expenses were receivable from The School of Arts and Sciences at the Centre.

(6) Risk Management:

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Loss mitigation is provided through purchased commercial insurance. Settled claims resulting from insurance coverage above have not exceeded purchased insurance coverage for the past three fiscal years.

(7) Interfund Balances and Transfers:

The following is a summary of amounts reported in the governmental fund financial statements. Interfund loans were used rather than maintaining separate cash accounts for each fund or a pooled cash system:

Receivable Fund	Payable Fund	Amount
General Fund	Activities Fund	$ 2,500
Capital Projects Fund	General Fund	$ 19,261

Transfers from/to other funds for the year ended June 30, 2025, were as follows:

Recipient Fund	Amount	Reason for Transfer
Capital Projects Fund	$ 12,263	Transfer from General Fund to aid in operation cost for the Capital Projects Fund.

(8) Long-term Liabilities:

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Decrease	Increase	Ending Balance	Due within one year
Note payable	$ 3,459,053	$ (157,172)	$ -	$ 3,301,881	$ 163,169
Compensated absences	174,606	-	36,008	210,614	-
	$ 3,633,659	$ (157,172)	$ 36,008	$ 3,512,495	$ 163,169

(8) **Long-term Liabilities:** (Continued)

Changes in compensated absences are presented as a net change, as additions and reductions are not tracked separately for financial reporting purposes.

Governmental Activities

3.75% note payable to be repaid over the ten-year term through November 18, 2030 based on equal monthly payments of principal and interest of $23,681, with the remaining unpaid principal and interest being due at maturity date. Secured by mortgage on property.	$ 3,301,881
Less: Current portion	163,169
Notes payable, less current portion	$ 3,138,712

Maturities of notes payable are as follows:

	Notes Payable		
	Principal	Interest	Total
2026	$ 163,169	$ 121,003	$ 284,172
2027	169,394	114,778	284,172
2028	175,856	108,316	284,172
2029	182,565	101,606	284,171
2030	189,531	94,641	284,172
2031	2,421,366	37,315	2,458,681
Total	$ 3,301,881	$ 577,659	$ 3,879,540

(9) Florida Retirement System:

Plan Description and Administration

The School participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the School's full-time employees. The System is a administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the School are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $7.50. The minimum payment is $45 and the maximum payment is $225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the 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.

(9) **Florida Retirement System:** (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement, Research and Education Services
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

Contributions

The School participates in certain classes of FRS membership. Each class had descriptions and contribution rates in effect during the year ended June 30, 2025, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2024	After June 30, 2024
Regular Class	13.57%	13.63%
DROP	21.13%	21.13%
Senior Management	34.52%	34.52%

(9) **Florida Retirement System:** (Continued)

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll, which are included in the above rates.

Actual contributions made for School employees participating in FRS and HIS for the plan year ended June 30, 2024, were as follows:

School Contributions – FRS	$ 198,431
School Contributions – HIS	51,070
Employee Contributions – FRS	76,604

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2025, the School reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	$ 1,355,599
HIS	904,876
Total	$ 2,260,475

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2025 and June 30, 2024, the School's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2025	2024
FRS	0.0035042%	.00391315%
HIS	0.0060321%	.00642678%

For the plan year ended June 30, 2024, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	$ 230,292
HIS	62,752
Total	$ 293,044

(9) **Florida Retirement System:** (Continued)

Deferred outflows/inflows related to pensions:

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 136,953	$ -	$ 8,737	$ (1,738)
Changes of assumptions	185,797	-	16,014	(107,125)
Net difference between projected and actual investment earnings	-	(90,100)	-	(327)
Change in proportionate share	94,957	(119,494)	64,294	(24,572)
Contributions subsequent to measurement date	213,085	-	55,679	-
Total	$ 630,792	$ (209,594)	$ 144,724	$ (133,762)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2026	$ (2,742)	$ 4,737	$ 1,995
2027	229,753	(2,586)	227,167
2028	(6,048)	(14,540)	(20,588)
2029	(20,173)	(15,098)	(35,271)
2030	7,324	(13,219)	(5,895)
Thereafter	(1)	(4,011)	(4,012)
	$ 208,113	$ (44,717)	$ 163,396

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

(9) **Florida Retirement System:** (Continued)

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate did not change from the prior year rate, which 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. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.65%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2021 details.

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2024, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Annual Arithmetic Expected Rate of Return
Cash	1.0%	3.3%
Fixed income	29.0%	5.7%
Global equities	45.0%	8.6%
Real estate	12.0%	8.1%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.6%
Total	100.0%	

(9) **Florida Retirement System:** (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the School calculated using the current discount rates, as well as what the School's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	$ 2,384,451	$ 1,355,599	$ 493,717
HIS	3.93%	1,030,085	904,876	800,932

(10) **Subsequent Events:**

The School has evaluated events and transactions for potential recognition or disclosure in the financial statements through July 27, 2026, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(11) **Recently Issued Accounting Pronouncements:**

The Governmental Accounting Standard Board (GASB) issued GASB Statement No. 101, Compensated Absences, in June 2022. GASB Statement No. 101 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023. The School implemented GASB No. 101 in fiscal year 2025. As a result, the School included in their compensated absences liability the estimated leave to be used while the employee is employed plus the estimate for leave that would be paid out upon termination. Previously, GASB only required reporting the estimate for the leave paid upon termination. GASB 101 dictates that this implementation be treated as a change in an accounting principle and requires the School's beginning net position to be restated. This resulted in a $144,377 reduction of beginning net position from $1,750,680 to $1,606,303.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB Statement No. 102 amends GASB Statement No. 62 regarding the disclosure of a government's vulnerability to risks related to certain concentrations and constraints that limit its ability to acquire resources or control spending. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024. The School implemented GASB No. 102 in fiscal year 2025, however, its adoption did not have a material impact on the School's financial statements.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

(11) **Recently Issued Accounting Pronouncements:** (Continued)

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

GASB issued Statement No. 105, Subsequent Events, in December 2025. GASB Statement No. 105 is to improve financial reporting requirements for subsequent events by clarifying the subsequent events time frame, distinguishing between recognized and nonrecognized subsequent events, and enhancing consistency and transparency in related disclosures. The provisions are effective for fiscal years beginning after June 15, 2026.

(12) **Correction of Error:**

The School restated its June 30, 2025, financial statements to correct an understatement of deferred outflows of resources related to pension contributions subsequent to the measurement date. The correction resulted in an increase of $204,922 to deferred outflows of resources and a corresponding decrease of $204,922 to expenses allocated among instructional, administrative, and community service functions.

Statement of Net Position as of June 30, 2025, with items impacting totals:

Line Item	As Previously Issued	Adjustment	As reissued
Deferred outflows related to pensions	$ 570,594	$ 204,922	$ 775,516
Unrestricted Net Position	$ (479,959)	$ 204,922	$ (275,037)

Statement of Activites as of June 30, 2025, with expense items impacting totals:

Line Item	As Previously Issued	Adjustment	As reissued
Instruction	$ 3,614,330	$ (165,136)	$ 3,449,194
School administration	485,433	(27,727)	457,706
Community Service	296,148	(12,059)	284,089

REQUIRED SUPPLEMENTARY INFORMATION

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
Florida education finance program	$ 3,990,038	$ 4,198,859	$ 3,840,490	$ (358,369)
Federal through local	77,500	166,411	96,782	(69,629)
State	-	-	63,766	63,766
Local	513,645	603,225	698,149	94,924
Miscellaneous	-	-	5,401	5,401
Total revenues	4,581,183	4,968,495	4,704,588	(263,907)
Expenditures				
Instruction	3,003,324	3,149,104	3,224,262	(75,158)
Instruction and curriculum development	-	-	25,119	(25,119)
Instructional staff training	-	2,500	37	2,463
Board	33,830	36,830	26,239	10,591
School administration	442,950	464,580	463,535	1,045
Facility acquisition and construction	5,000	130,000	-	130,000
Fiscal services	28,100	28,100	17,160	10,940
Food services	10,000	10,000	11,236	(1,236)
Pupil transportation services	274,000	274,000	278,374	(4,374)
Operation of plant	192,741	233,241	238,569	(5,328)
Central services	38,670	38,670	39,835	(1,165)
Maintenance of plant	35,000	65,000	80,502	(15,502)
Community service	220,992	248,000	285,074	(37,074)
Debt service:				
Principal	284,173	284,173	-	284,173
Total expenditures	4,568,780	4,964,198	4,689,942	274,256
Excess (deficiency) of revenues over (under) expenditures	12,403	4,297	14,646	10,349
Other financing sources (uses)				
Transfers in	-	30,000	-	30,000
Transfers out	-	-	(12,263)	(12,263)
Total other financing sources (uses)	-	30,000	(12,263)	17,737
Net change in fund balance	12,403	34,297	2,383	28,086
Fund balance, beginning of year, as restated	1,761,509	1,761,509	1,761,509	-
Fund balance, end of year	$ 1,773,912	$ 1,795,806	$ 1,763,892	$ 28,086

The accompanying notes to required supplementary information is an integral part of this schedule.

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

(1) **Summary of Significant Accounting Policies:**

The Statements of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual is presented using the School's budget format for the General Fund.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors. The budget presented for fiscal year ended June 30, 2025, has been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LABILITY -
LAST 10 PLAN YEAR AS OF JUNE 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS)									
Proportion of the net pension liability (asset)	0.003504225%	0.003913100%	0.004206300%	0.003914670%	0.003612200%	0.003655060%	0.005421934%	0.003279302%	0.002679009%
Proportionate share of the net pension liability (asset)	$ 1,355,599	$ 1,559,264	$ 1,565,083	$ 295,709	$ 1,565,579	$ 1,258,751	$ 1,037,310	$ 969,995	$ 676,452
covered payroll	2,553,482	2,546,780	2,292,470	2,055,181	2,068,133	1,996,506	1,860,847	1,957,518	1,579,473
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	53.09%	61.22%	68.27%	14.39%	75.70%	63.05%	55.74%	49.55%	42.83%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.38%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%
Health Insurance Subsidy Program (HIS)									
Proportion of the net pension liability (asset)	0.006032112%	0.006426800%	0.006289200%	0.005804060%	0.005957620%	0.005968450%	0.009590007%	0.005470507%	0.004405829%
Proportionate share of the net pension liability (asset)	$ 904,876	$ 1,020,660	$ 666,132	$ 711,955	$ 727,416	$ 667,810	$ 602,881	$ 584,932	$ 584,932
Covered payroll	2,553,482	2,546,780	2,292,470	2,055,181	2,068,133	1,996,506	1,860,847	1,957,518	1,579,473
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.44%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	29.88%	37.03%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.15%	2.15%	1.64%	0.97%

Note 1: GASB 68 requires information for 10 years.

THE SCHOOL OF ARTS AND SCIENCES ON THOMASVILLE ROAD
SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF JUNE 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS)										
Contractually required contribution	$ 213,085	$ 195,648	$ 179,491	$ 149,132	$ 120,017	$ 113,333	$ 98,147	$ 123,053	$ 105,866	$ 102,103
Contributions in relation to the contractually required contribution	(213,085)	(195,648)	(179,491)	(149,132)	(120,017)	(113,333)	(98,147)	(123,053)	(105,866)	(102,103)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,783,934	$ 2,553,482	$ 2,292,470	$ 2,055,181	$ 2,068,133	$ 1,996,506	$ 1,860,847	$ 1,957,518	$ 1,791,344	$ 1,579,473
Contributions as a percentage of covered-emloyee payroll	7.65%	7.66%	7.83%	7.26%	5.80%	5.68%	5.27%	6.29%	5.91%	6.46%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	$ 55,679	$ 51,069	$ 38,055	$ 34,116	$ 34,331	$ 33,142	$ 30,890	$ 32,495	$ 29,736	$ 26,219
Contributions in relation to the contractually required contribution	(55,679)	(51,069)	(38,055)	(34,116)	(34,331)	(33,142)	(30,890)	(32,495)	(29,736)	(26,219)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 2,783,934	$ 2,553,482	$ 2,292,470	$ 2,055,181	$ 2,068,133	$ 1,996,506	$ 1,860,847	$ 1,957,518	$ 1,791,344	$ 1,579,473
Contributions as a percentage of covered-emloyee payroll	2.00%	2.00%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

Note 1: GASB 68 requires information for 10 years.

INDEPENDENT AUDITORS' 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 Directors,
The School of Arts and Sciences Foundation, 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 The School of Arts and Sciences on Thomasville Road, a charter school under The School of Arts and Sciences Foundation, Inc., and a component unit of the District School Board of Leon County, Florida, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated July 27, 2026.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described as item 2025-001 that we consider to be a material weakness.

Finding 2025-001: <u>Material Adjustments:</u>

We recommend the School strengthen its review controls over complex accounting calculations, including the calculation of deferred outflows related to the pension plan. Subsequent to the issuance of the financial statements, a misstatement was identified in the calculation that was not detected through management's review processes and required revision. Enhancing review procedures, including involving individuals with appropriate expertise, will help ensure the accuracy of complex calculations and reduce the risk of similar errors in the future.

Report on Compliance and Other Matters

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

The School of Arts and Sciences on Thomasville Road's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on The School of Arts and Sciences on Thomasville Road's response to the finding identified in our audit and described previously. The School of Arts and Sciences on Thomasville Road'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
July 27, 2026

JAMESMOORE

INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.850, RULES OF THE STATE OF FLORIDA, OFFICE OF THE AUDITOR GENERAL

To the Board of Directors,
The School of Arts and Sciences Foundation, Inc.:

Report on the Financial Statements

We have audited the financial statements of The School of Arts and Sciences on Thomasville Road, a charter school under The School of Arts and Sciences Foundation, Inc. and a component unit of the District School Board of Leon County, Florida, as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated July 27, 2026.

Auditors' Responsibility

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 and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated July 27, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity are The School of Arts and Sciences on Thomasville Road, 371402.

Financial Condition and Management

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

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

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we apply appropriate procedures to determine whether The School of Arts and Sciences on Thomasville Road maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that The School of Arts and Sciences on Thomasville Road maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

James Moore & Co., P.L.

Tallahassee, Florida
July 27, 2026

School of Arts and Sciences
on Thomasville Road

Eirin Lombardo
Principal

Ashley Arrington
Assistant Principal

Amanda Reyes
Dean of Students

School of Arts and Sciences on Thomasville Road
Corrective Action Plan
July 27, 2026

Finding 2025-001: Material Adjustment: We recommend the School strengthen its review controls over complex accounting calculations, including the calculation of deferred outflows related to the pension plan. Subsequent to the issuance of the financial statements, a misstatement was identified in the calculation that was not detected through management's review processes and required revision. Enhancing review procedures, including involving individuals with appropriate expertise, will help ensure the accuracy of complex calculations and reduce the risk of similar errors in the future.

Corrective Action 2025-001: Material Adjustment: James Moore & Co. (JMCO) conducted the 2025 audit for the School of Arts and Sciences on Thomasville Road (SAST). On June 8, 2026, through an internal review of JMCO's operations, JMCO informed SAST that JMCO erred in calculating SAST's pension liability. JMCO has admitted its error, explaining that the incorrect pension calculation resulted from an error in a spreadsheet prepared by JMCO. JMCO also has explained that the corrected pension liability figure is less than what JMCO previously reported, which means the correction is in SAST's favor.

SAST was disappointed to hear about JMCO's calculation error but appreciates JMCO's candor in bringing the matter to our attention. JMCO knows from its work for SAST over several years that the pension liability calculation is complex and that SAST retained JMCO in part for JMCO's specialized expertise in performing complex calculations with respect to pension liability. Given JMCO's overall experience and prior work on SAST audits, SAST believes it reasonably relied on JMCO's work on the audit and the most recent set of SAST financial statements.

JMCO has informed SAST that even though the error is JMCO's, SAST must issue this corrective action letter. Accordingly, to prevent future auditor errors from resulting in incorrect reporting of the Foundation's pension liability, the Foundation will take the following action: Beginning with future reporting periods, the School will engage an additional independent outside vendor to review and verify the pension liability calculations and supporting schedules before financial statements are finalized. This belt-and-suspenders secondary review will serve as an additional quality control measure to identify and resolve any discrepancies before the auditor's report is issued.

Eirin Lombardo
Principal

Karen Burns
Finance Manager

"The School of Arts and Sciences does not discriminate against any person on the basis of gender, marital status, sexual orientation, race, religion, national origin, age, color or disability."