

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
LAKE ALFRED, FLORIDA  
(A Component Unit of the School District of Polk County,  
Florida)

FINANCIAL STATEMENTS, INDEPENDENT  
AUDITOR'S REPORT, AND SUPPLEMENTAL  
INFORMATION

JUNE 30, 2025

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2025**

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**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION**  
**JUNE 30, 2025**

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**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**

1000 North Buena Vista Dr

Lake Alfred, FL 33850

(863) 295-5955

**2024-2025**

**BOARD OF DIRECTORS**

Nancy Daley – Chair

Kevin Warren – Board President

Charlotte Butler

Doretha Tillman

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**SCHOOL ADMINISTRATION**

Mr. Stephen Frabotta – Principal

Mr. Kevin Warren – Administrative Liaison



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COLLABORATIVE FAMILY  
LAW INSTITUTE

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Discovery Academy of Lake Alfred, Inc.  
Lake Alfred, Florida

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Discovery Academy of Lake Alfred, Inc. (the "School"), a charter school and component unit of the School District of Polk County, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Discovery Academy of Lake Alfred, Inc., 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standard applicable to financial audits contained in the Government Auditing Standards (GAS) 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.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

## **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 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 judgment, 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 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 budgetary comparison information 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 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 24, 2025 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*García Santa María De Armas Trujillo, PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 24, 2025

## Management's Discussion and Analysis

Discovery Academy of Lake Alfred, Inc.

June 30, 2025

The corporate officers of Discovery Academy of Lake Alfred, Inc. (the "School") have prepared this narrative overview and analysis of the School's financial activities for the fiscal year ended June 30, 2025.

### FINANCIAL HIGHLIGHTS

1. For the year ended June 30, 2025, the School had an increase in fund balance of \$688,037 and had a positive fund balance of \$4,208,494 as of June 30, 2025.

#### *Overview of the Financial Statements*

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's financial statements for the year ended June 30, 2025 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

#### *Government-Wide Financial Statements*

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

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

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

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

#### *Fund Financial Statements*

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

All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government's requirements for near-term financing.

Prior to the start of the School's fiscal year, the Board of the School adopts an annual budget for all of its governmental funds. A budgetary comparison statement has been provided for the School's governmental funds to demonstrate compliance with the School's budget. The basic governmental fund financial statements can be found on pages 12-15 of this report.

#### *Notes to Financial Statements*

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

The notes to the financial statements can be found on pages 16-31 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, over time net position may serve as a useful indicator of a School's financial position. A summary of the School's net position as of June 30, 2025 and 2024 follows:

<b>Assets and Deferred Outflows of Resources</b>	<u>2025</u>	<u>2024</u>
Cash and reserved cash and investments	\$ 2,981,493	\$ 2,463,290
Due from other agencies	-	232,465
Prepaid expenses and other assets	2,282,147	2,036,034
Capital assets, net	23,824,541	23,830,980
Deferred outflows of resources	1,606,730	2,613,083
Total Assets and deferred outflows of resources	<u>\$ 30,694,911</u>	<u>\$ 31,175,852</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
Accounts and wages payable and accrued liabilities	\$ 712,279	\$ 1,770,050
Long-term debt	26,236,513	26,005,490
Net pension liability	7,090,556	8,021,928
Deferred inflows of resources	1,357,173	652,629
Total Liabilities and deferred inflows of resources	<u>\$ 35,396,521</u>	<u>\$ 36,450,097</u>
Net investment in capital assets	(3,005,203)	(2,174,510)
Deficit in accounting for net pension liability/Deferred outflows and	(6,840,999)	(6,061,474)
Unrestricted	2,483,543	744,135
Restricted	2,661,049	2,217,604
Total Net Position	<u>\$ (4,701,610)</u>	<u>\$ (5,274,245)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 30,694,911</u>	<u>\$ 31,175,852</u>

At June 30, 2025, the School's total assets and deferred outflows of resources were \$30,694,911 and total liabilities and deferred inflows of resources were \$35,396,521. At June 30, 2025, the School reported a deficit in total net position of \$4,701,610.

A summary and analysis of the School's revenues and expenses for the years ended June 30, 2025 and 2024 follows:

<b>REVENUES</b>	<u>2025</u>	<u>2024</u>
Program Revenues		
Operating grants & contributions	\$ 1,475,580	\$ 2,036,354
Charges for services	1,616,129	1,365,522
General Revenues		
State and local sources	8,798,617	7,688,966
Contributions and other revenue	459,045	347,568
Total Revenues	<u>\$ 12,349,371</u>	<u>\$ 11,438,410</u>
<b>EXPENSES</b>		
Instruction	\$ 4,662,065	\$ 6,373,828
Instructional support services	637,578	699,676
Instructional media services	51,588	20,011
Instructional staff training services	93,801	70,366
Board	141,690	61,261
General administrative	-	97,645
School administration	2,169,607	1,043,542
Facilities acquisition and construction	-	589,490
Fiscal services	157,277	76,478
Food services	878,405	978,079
Central Services	49,477	52,927
Pupil transportation services	1,538,787	1,538,863
Operation of plant	662,250	777,575
Administrative technology services	21,484	-
Interest expense	1,288,102	1,597,672
Total Expenses	<u>\$ 12,352,111</u>	<u>\$ 13,977,413</u>
Change in Net Position	(2,740)	(2,539,003)
<b>Net Position (Deficit) at Beginning of Year</b>	(5,274,245)	(2,192,878)
<b>Prior period adjustment</b>	575,375	(542,364)
<b>Net Position (Deficit) at End of Year</b>	<u>\$ (4,701,610)</u>	<u>\$ (5,274,245)</u>

The School's total revenues for the year ended June 30, 2025 were \$12,349,371 while its total expenses were \$12,352,111 for a net decrease in its net position of \$2,740.

Total expenses include a pension liability adjustment of \$779,525, which is included in instruction. The School's total revenues increased by approximately \$911,000 due primarily to the increase in FEFP revenues due to increased enrollment received through the district.

## **SCHOOL LOCATION**

The School operates in the City of Lake Alfred and is located 1000 N Buena Vista Dr, Lake Alfred, FL 33850.

## **CAPITAL IMPROVEMENT REQUIREMENT**

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

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND**

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

## **GOVERNMENTAL FUNDS**

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *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.

At the end of the fiscal year, DALA's governmental funds reported a combined ending fund balance of \$4,208,494 with a positive net change in fund balance of \$688,037, for the year ended June 30, 2025.

## **CAPITAL ASSETS AND LONG-TERM DEBT**

The School's investment in capital assets, as of June 30, 2025, amounts to \$23,824,541 (net of accumulated depreciation). This investment in capital assets includes land, building, leasehold improvements, furniture, fixtures and equipment and vehicles. In September 2020, the School entered into a bond agreement for a total of \$27,080,000 to construct an educational facility. The balance at June 30, 2025 was \$25,615,000. In addition, the School financed the purchase of school buses in the amount of \$634,872. The balance at June 30, 2025 was \$621,513.

## GOVERNMENTAL FUND BUDGET ANALYSIS

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

	All Governmental Funds		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State and local sources	\$ 8,909,371	\$ 8,909,371	\$ 8,798,617
Federal passed through local school district	80,000	80,000	1,475,580
Charges for services	1,200,000	1,200,000	1,616,129
Contributions and other income	50,000	50,000	459,045
<b>TOTAL REVENUES</b>	<b>\$ 10,239,371</b>	<b>\$ 10,239,371</b>	<b>\$ 12,349,371</b>
<b>EXPENDITURES</b>			
Instruction	\$ 4,661,797	\$ 4,661,797	\$ 4,208,748
Instructional support services	379,017	379,017	637,578
Instructional media services	55,488	55,488	51,588
Instructional staff training	82,018	82,018	93,801
Board	105,100	105,100	141,690
School administration	1,380,802	1,380,802	1,446,098
Fiscal services	62,000	62,000	157,277
Food services	-	-	878,405
Central services	173,253	173,253	49,477
Pupil transportation services	1,310,909	1,310,909	1,538,787
Operation of plant	610,350	610,350	662,250
Administrative technology services	-	-	21,484
Capital outlay	26,500	26,500	717,072
Debt service	1,200,000	1,200,000	1,691,951
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,047,234</b>	<b>\$ 10,047,234</b>	<b>\$ 12,296,206</b>
Other financing sources, net	-	-	634,872
Excess of revenues over expenditures	<b>\$ 192,137</b>	<b>\$ 192,137</b>	<b>\$ 688,037</b>

## REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Discovery Academy of Lake Alfred, Inc., Inc., located at 1000 N Buena Vista Dr, Lake Alfred, FL 33850.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,227,313
Reserved cash - bond reserves	1,753,230
Investments	950
Prepaid expenses and other assets	5,339
Due from related party	1,683,577
Capital assets net	23,824,541
Loan receivable from related party	<u>593,231</u>
<b>TOTAL ASSETS</b>	<b>29,088,181</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources FRS/HIS	<u>1,606,730</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b><u>\$ 30,694,911</u></b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 355,711
Accrued interest payable	106,204
Compensated absences	250,364
Bond payable, current portion	405,000
Bond payable - long-term portion	25,210,000
Note payable current portion	111,095
Note payable long-term portion	510,418
Net pension liability	<u>7,090,556</u>
<b>TOTAL LIABILITIES</b>	<b>34,039,348</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources FRS/HIS	<u>1,357,173</u>
Total deferred inflows of resources	<u>1,357,173</u>
 <b>NET POSITION</b>	
Invested in capital assets, net of related debt	(3,005,203)
Deficit in accounting for net pension liability/deferred	
Outflows and inflows of resources	(6,840,999)
Restricted	2,661,049
Unrestricted	<u>2,483,543</u>
<b>TOTAL NET POSITION</b>	<b><u>(4,701,610)</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b><u>\$ 30,694,911</u></b>

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

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Functions	Expenses	Program Revenues			Net (Expense)/ Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction	\$ 4,662,065	\$ -	\$ 624,901	\$ -	\$ (4,037,164)
Instructional support services	637,578	-	-	-	(637,578)
Instructional media services	51,588	-	-	-	(51,588)
Instructional staff training services	93,801	-	-	-	(93,801)
Board	141,690	-	-	-	(141,690)
School administration	2,169,607	-	-	-	(2,169,607)
Fiscal services	157,277	-	-	-	(157,277)
Food services	878,405	180,938	850,679	-	153,212
Central services	49,477	-	-	-	(49,477)
Pupil transportation services	1,538,787	235,191	-	-	(1,303,596)
Operation of plant	662,250	-	-	-	(662,250)
Administrative technology services	21,484	-	-	-	(21,484)
Interest expense	1,288,102	1,200,000	-	-	(88,102)
<b>Total Governmental Activities</b>	<b>\$12,352,111</b>	<b>\$ 1,616,129</b>	<b>\$ 1,475,580</b>	<b>\$ -</b>	<b>\$ (9,260,402)</b>

GENERAL REVENUES:

State and local sources	8,798,617
Contributions and other revenues	459,045
Total general revenues	<u>9,257,662</u>

Change in Net Position (2,740)

NET POSITION (DEFICIT) - BEGINNING (5,274,245)

Prior period adjustment 575,375

NET POSITION - ENDING \$ (4,701,610)

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

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 213,290	\$ 1,014,023	\$ -	\$ 1,227,313
Reserved cash - bond reserves	-	-	1,753,230	1,753,230
Investments	950	-	-	950
Prepaid expenses and other assets	5,339	-	-	5,339
Due from related party	1,683,577	-	-	1,683,577
<b>TOTAL ASSETS</b>	<b>\$ 1,903,156</b>	<b>\$ 1,014,023</b>	<b>\$ 1,753,230</b>	<b>\$ 4,670,409</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 355,711	\$ -	\$ -	\$ 355,711
Accrued interest payable	-	-	106,204	106,204
<b>TOTAL LIABILITIES</b>	<b>355,711</b>	<b>-</b>	<b>106,204</b>	<b>461,915</b>
<b>FUND BALANCE</b>				
Nonspendable				
Prepaid expenses and other assets	5,339	-	-	5,339
Restricted	-	1,014,023	1,647,026	2,661,049
Unassigned	1,542,106	-	-	1,542,106
<b>TOTAL FUND BALANCE</b>	<b>1,547,445</b>	<b>1,014,023</b>	<b>1,647,026</b>	<b>4,208,494</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,903,156</b>	<b>\$ 1,014,023</b>	<b>\$ 1,753,230</b>	<b>\$ 4,670,409</b>

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

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION**  
**JUNE 30, 2025**

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Total Fund Balance - Governmental Funds	\$	4,208,494
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the fund.

Capital assets		31,816,079
Accumulated depreciation		(7,991,538)

Due to related party are not due and receivable in the current period and therefore, are not reported as assets in the governmental funds.

Loan receivable from related party		593,231
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Accounting for the School's participation in the FRS/HIS - the following amounts are reported in the statement of net position but are not reported in the fund balance sheet

Deferred Outflows		1,606,730
Deferred Inflows		(1,357,173)
Net Pension Liability		(7,090,556)

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.

Compensated absences		(250,364)
Bond payable		(25,615,000)
Notes payable		(621,513)

Total Net Position (Deficit)- Governmental Activities	\$	<u><u>(4,701,610)</u></u>
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The accompanying notes are an integral part of this financial statement.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund	Debt Service Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES</b>				
State passed through local	\$ 8,798,617	\$ -	\$ -	\$ 8,798,617
Federal passed through local school district	-	-	1,475,580	1,475,580
Charges for services	235,191	1,200,000	180,938	1,616,129
Contributions and other revenue	459,045	-	-	459,045
<b>TOTAL REVENUES</b>	<b>\$ 9,492,853</b>	<b>\$ 1,200,000</b>	<b>\$ 1,656,518</b>	<b>\$ 12,349,371</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instruction	3,583,847	\$ -	\$ 624,901	\$ 4,208,748
Instructional support services	637,578	-	-	637,578
Instructional media services	51,588	-	-	51,588
Instructional staff training services	93,801	-	-	93,801
Board	141,690	-	-	141,690
School administration	1,446,098	-	-	1,446,098
Fiscal services	157,277	-	-	157,277
Food services	-	-	878,405	878,405
Central services	49,477	-	-	49,477
Pupil transportation services	1,538,787	-	-	1,538,787
Operation of plant	662,250	-	-	662,250
Administrative technology services	21,484	-	-	21,484
<b>Capital Outlay:</b>				
Instructional	82,200	-	-	82,200
Pupil transportation services	634,872	-	-	634,872
<b>Debt Service:</b>				
Redemption of principal	13,849	390,000	-	403,849
Interest and debt costs	13,652	1,274,450	-	1,288,102
<b>TOTAL EXPENDITURES</b>	<b>9,128,450</b>	<b>1,664,450</b>	<b>1,503,306</b>	<b>12,296,206</b>
Excess (Deficit) of revenues over expenditures	364,403	(464,450)	153,212	53,165
<b>OTHER FINANCING SOURCES</b>				
Proceeds from long-term financing	634,872	-	-	634,872
Transfers from (to) funds	(754,683)	801,258	(46,575)	-
<b>Total other financing sources</b>	<b>(119,811)</b>	<b>801,258</b>	<b>(46,575)</b>	<b>634,872</b>
Excess of revenues over expenditures	244,592	336,808	106,637	688,037
Fund balance at beginning of year	727,478	-	907,386	1,634,864
Prior period adjustment	575,375	1,310,218	-	1,885,593
<b>Fund balance at end of year</b>	<b>\$ 1,547,445</b>	<b>\$ 1,647,026</b>	<b>\$ 1,014,023</b>	<b>\$ 4,208,494</b>

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

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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Change in Fund Balance - Governmental Funds \$ 688,037

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	717,072
Depreciation expense	(723,509)

The proceeds from loans provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds.

Proceeds from debt	(634,872)
Repayments of principal	403,849

Accounting for DALA's participation in the Florida Retirement System.

Pension/HIS expense	(779,525)
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Compensated absences included in the statement of activities don not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental

Net change	326,208
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Change in Net Position of Governmental Activities	\$ (2,740)
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The accompanying notes are an integral part of this financial statement.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 1 – ORGANIZATION AND OPERATIONS

**Organization**

Discovery Academy of Lake Alfred, Inc. (the School) is a not-for-profit corporation organized pursuant to chapter 617, Florida Statutes and the Florida Not-for-Profit Corporation Act. The governing body of the School is the not-for-profit corporation Board of Directors (the Board), which is composed of five members. Effective July 1, 2001, the School converted from a public school to a charter school. The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Polk County, Florida, (the School Board). The School is considered a component unit of the School Board of Polk County, Florida and meets the definition of a governmental entity under the Governmental Accounting Standards Board (GASB).

**Charter Contract**

The current charter expires June 30, 2033 and may be renewed for a maximum of an additional fifteen years by mutual written agreement between the School and the School Board. Upon the expiration of the charter, the School Board may elect not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. However, the School Board may terminate the current charter at any time if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Governmental Accounting Standards Board (“GASB”).

**Government-wide and Fund Financial Statements**

*Government-wide Financial Statements*

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which report annual operating activities, and (3) capital grants and contributions which reports funds for acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Fund Financial Statements*

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Capital Projects Fund – used to account for financial resources – used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Debt Service Fund – used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay). Any revisions to the annual budget are approved by the board.

Cash and Cash Equivalents and Investments

The School's cash and cash equivalents consist primarily of demand deposits with financial institutions. As State of Florida Statutes and the School's policy require, all deposits be made into and held by financial institutions designated by the treasurer of the State of Florida as qualified public depositories as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintain eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by the institution, the collateral eligible for pledge, and reporting requirements of the qualified public depositor to the treasurer is defined by the ability to assess members of the pool should the need arise. The School's deposits are held in a qualified public depository. They are covered by the collateral pool as the School has identified itself as a public entity at June 30, 2025.

Due from Governmental Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state and other sources.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$1,000 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Furniture and equipment	3-5 Years
Vehicles	10 Years
Building	39 Years

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Employees of the School are entitled to paid time off (PTO) in accordance with the School's personnel policies and applicable state regulations. PTO also includes sick leave and personal days. Any PTO which has been accrued over the school year, but has not been used, will be rolled over into the next school year. Unused PTO will not be paid out at the end of the year or upon separation from the School. In accordance with GASB Statement No. 101, *Compensated Absences*, the School recognizes a liability for leave when:

1. The leave is attributable to services already rendered by employees;
2. The leave accumulates and can be carried forward to future reporting periods;
3. It is more likely than not that the leave will be used for time off, paid in cash, or settled through other non-cash means.

The liability for compensated absences is measured using employees' pay rates in effect at the financial statement date. In the government-wide financial statements, compensated absences are reported as liabilities and expensed as incurred. In the governmental fund financial statements, the liability is recognized only for amounts that have matured as of the fiscal year end.

Government-wide Fund Net Position

Government-wide fund net position are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2025, was a negative \$3,005,203.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2025 was \$2,661,049.
- Unrestricted – all other net position is reported in this category, including amounts due from affiliates and charter schools.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2025, the School had \$5,339 in nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2025, there is \$2,661,049.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School's Board of Directors. At June 30, 2025, there is no committed fund balance.
- Assigned – fund balance classification are intended to be used by the School's management for specific purposes but do not meet the criteria to be classified as restricted or committed. At June 30, 2025, there is no assigned fund balance.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances (Continued)

Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance at the end of the fiscal year by adjusting journal entries. First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2025, there are no minimum fund balance requirements for any of the School’s funds.

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Polk County (the “School Board”) pursuant to the funding provisions included in DALA's charter. In accordance with the funding provisions of the charter and Section 1002.33, Florida Statutes, the School will report the number of full-time equivalent (FTE) students and related data to the School Board. Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of the full-time equivalent (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 the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. In addition, the School receives an annual allocation of charter school capital outlay funds for leasing of School facilities.

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

Income Taxes

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

Use of Estimates

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

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The school has one item that qualifies for reporting in this category which is the deferred amount of pension reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School has one item that qualifies for reporting in this category which is the deferred amount of pension reported in the government-wide statement of net position. A deferred amount of pension results from the difference in the expected and actual amounts of experience, earnings and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan. However, earnings are amortized over 5 years.

New Accounting Pronouncements

Implementation of GASB Statement No. 101, Compensated Absences

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, Compensated Absences (GASB 101). This Statement establishes a single model for recognizing and measuring compensated absences. The provisions of GASB 101 are effective for reporting periods beginning after December 15, 2024. The School implemented GASB 101 for the fiscal year ended June 30, 2025. Refer to Note 8 for the related disclosures and financial statement effects.

Implementation of GASB Statement No. 102, Certain Risk Disclosures

In December 2024, the Governmental Accounting Standards Board issued Statement No. 102, Certain Risk Disclosures (GASB 102). This Statement requires disclosure of risks from concentrations and constraints that could significantly affect a government's ability to provide services or meet obligations as they come due. The provisions of GASB 102 are effective for reporting periods beginning after June 15, 2025. The School implemented GASB 102 for the fiscal year ended June 30, 2025. Refer to Note 6 for the related disclosures and financial statement effects.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through September 24, 2025, which is the date the financial statements were available to be issued.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**NOTE 3 – CAPITAL ASSETS**

The following schedule provides a summary of changes in capital assets, acquired substantially with public funds, for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Capital Assets				
Land	\$ 2,681,713	\$ -	\$ -	\$ 2,681,713
Construction in progress	289,204	-	-	289,204
Building and improvements	23,578,125	-	-	23,578,125
Furniture, fixtures and equipment	1,485,724	82,200	(26,565)	1,541,359
Vehicles	3,090,806	634,872	-	3,725,678
Total Capital Assets	<u>31,125,572</u>	<u>717,072</u>	<u>(26,565)</u>	<u>31,816,079</u>
Less Accumulated Depreciation				
Buildings and improvements	(3,529,775)	(514,060)	-	(4,043,835)
Furniture, fixtures and equipment	(1,199,060)	(39,055)	26,565	(1,211,550)
Vehicles	<u>(2,565,759)</u>	<u>(170,394)</u>	<u>-</u>	<u>(2,736,153)</u>
Total Accumulated Depreciation	<u>(7,294,594)</u>	<u>(723,509)</u>	<u>26,565</u>	<u>(7,991,538)</u>
Capital Assets, net	<u>\$ 23,830,978</u>	<u>\$ (6,437)</u>	<u>\$ -</u>	<u>\$ 23,824,541</u>

Depreciation expense of assets for the year ended June 30, 2025, was \$723,509 which was allocated to school administration in the statement of activities.

**NOTE 4 – EMPLOYEE RETIREMENT PLAN**

**Reporting Entity**

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 Florida Retirement System Pension Plan and Other State-Administered Systems (system). For the fiscal year ended June 30, 2024, the division administered two cost-sharing, multiple employer defined benefit plans, one single employer defined benefit plan, two defined contribution plans, a supplemental funding of defined benefit plans for municipal police officers and firefighters, and various general revenue funded pension programs. The division issued a publicly available, audited annual comprehensive financial report (ACFR) on behalf of the system that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the ACFR, which is available online, or by contacting the division. (See Note 6).

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)

**Cost-Sharing Defined Benefit Plans**

As required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), this report includes the allocation of the collective net pension liability and associated pension expense, deferred outflows of resources and deferred inflows of resources for each of the participating employers in the system's cost-sharing, multiple employer defined benefit plans:

- The Florida Retirement System (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 Health Insurance Subsidy (HIS) Program is a 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 costs. For the fiscal year ended June 30, 2024, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$7.50. The payments are at least \$45 but no more than \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Approximately 1,000 participating employers are served by the two defined benefit plans. Of these, more than 900 employers, referred to as reporting employers, report payroll and remit contributions to the division for their covered employees and, in some cases, for the covered employees of associated participating employers.

**Basis of Accounting**

Employers participating in the FRS Pension Plan and HIS Program are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB 68. The Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (pension allocation schedules) and notes to the schedules, along with the system's ACFR, provide employers with the required information for reporting.

The underlying financial information used to prepare the pension allocation schedules is based on the system's records. The financial statements for the cost-sharing defined benefit plans are prepared using the flow of economic resources measurement focus and the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States. The system's financial statements are available online or by contacting the division (see Note 5). There have been no significant changes since the publication of the financial statements.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)

**Employer Contributions**

Contributions are recognized as revenues in the period for which the contributions are due pursuant to statutory and contractual requirements. Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported in the pension allocation schedules is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements and in the pension allocation schedules for the cost-sharing defined benefit plans represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer.

**Use of Estimates**

The preparation of these schedules, and the associated financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and changes therein, including appropriate disclosures at the date of the financial statements. Actual results could differ from those estimates.

**Net Pension Liability**

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2024, are shown below:

	FRS	HIS
Total Pension Liability	\$ 25,771,340	\$ 3,036,374
Plan Fiduciary Net Position	(21,571,334)	(145,824)
Net Pension Liability	<u>\$ 4,200,006</u>	<u>\$ 2,890,550</u>
Plan Fiduciary Net Position as a Percentage as a Percentage of the Total Pension Liability	83.70%	4.80%

The total pension liability for the FRS was determined by the plan’s actuary and reported in the plan’s GASB 67 valuation as of June 30, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The total pension liability for the HIS was determined by the plan’s actuary and reported in the plan’s GASB 67 valuation as of June 30, 2024. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)

**Basis for Allocation**

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the system's current and several prior measurement dates. Prior measurement dates shown in exhibits align with the oldest deferred (inflow)/outflow base through June 30, 2024, for employers that were members of the FRS and HIS during those fiscal years. For fiscal years ended June 30, 2015, through June 30, 2024, in addition to contributions from employers, the required accrued contributions for the division (paid on behalf of the division's employees who administer the plans) were allocated to each employer on a proportional basis. The division administers the plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's ACFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

For the purposes of the pension allocation schedules, pension amounts are allocated to reporting employers. The pension amounts of participating employers whose payrolls are reported and contributions are remitted by another entity are included in the reporting employer's amounts and will be allocated to the participating employer by the reporting employer.

**Actuarial Methods and Assumptions**

The Florida Retirement System (FRS) Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is 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 Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age 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 Pension Plan investments is 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 the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table, (refer to the valuation reports for more information – see Note 5).

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)**

**Actuarial Methods and Assumptions (Continued)**

The following changes in actuarial assumptions occurred in 2024 for the HIS Program:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates.

**Sensitivity Analysis**

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 collective net pension liability of the participating employers if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2024.

FRS Net Pension Liability			HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.70%	6.70%	7.70%	2.93%	3.93%	4.93%
\$ 7,387,663	\$ 4,200,006	\$ 1,529,667	\$ 3,290,519	\$ 2,890,550	\$ 2,558,510

**Pension Expense and Deferred Outflows/Inflows of Resources**

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments – amortized over five years

Employer contributions to the pension plans from employers are not included in collective pension expense; however, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2024, was 5.3 years for FRS and 6.3 years for HIS. The components of collective pension expense reported in the pension allocation schedules for the fiscal year ended June 30, 2024, are presented below for each plan.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)

Florida Retirement System (FRS)

Description	Recognized in Expense Fiscal Year Ending 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Service Cost	\$ 330,862	\$ -	\$ -
Interest Cost	1,621,077	-	-
Effect of plan changes	-	-	-
Effect of economic/demographic gains or loss (difference between expected and actual experience)	142,059	424,313	-
Effect of assumptions changes or inputs	218,872	575,649	-
Member contributions	(87,775)	-	-
Projected investment earnings	(1,332,106)	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	324,783	(551,759)
Net difference between projected and actual investment earnings	(259,447)	-	(279,153)
Administrative expenses	3,150	-	-
Total	\$ 636,692	\$ 1,324,745	\$ (830,912)

Health Insurance Subsidy (HIS)

Description	Recognized in Expense Fiscal Year Ending 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Service Cost	\$ 60,534	\$ -	\$ -
Interest Cost	115,882	-	-
Effect of plan changes	-	-	-
Effect of economic/demographic gains or loss (difference between expected and actual experience)	15,564	27,910	(5,550)
Effect of assumptions changes or inputs	(69,708)	51,156	(342,204)
Member contributions	(50)	-	-
Projected investment earnings	(4,927)	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	202,919	(177,462)
Net difference between projected and actual investment earnings	374	-	(1,045)
Administrative expenses	39	-	-
Total	\$ 117,708	\$ 281,985	\$ (526,261)

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 4 – EMPLOYEE RETIREMENT PLAN (Continued)

**Pension Expense and Deferred Outflows/Inflows of Resources (Continued)**

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 subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

Year Ending June 30,	FRS Expense	HIS Expense
2025	\$ 395,349	\$ 147,553
2026	\$ 74,594	\$ 23,421
2027	\$ 74,594	\$ 23,421
2028	\$ 74,594	\$ 23,421
2029	\$ 74,594	\$ 23,421
Thereafter	\$ 22,378	\$ 24,127
Totals	<u>\$ 716,103</u>	<u>\$ 265,364</u>

NOTE 5 – ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION

Additional audited financial information supporting the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer is located in the Florida Retirement System Pension Plan and Other State-Administered Systems ACFR for the fiscal year ended June 30, 2024. The system’s ACFR and the actuarial valuation reports referenced herein are available online at:

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

The System’s ACFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

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

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE 6 – BOND PAYABLE**

In September 2020, the School entered into a loan agreement with Florida Development Finance Corporation (“the Issuer”). The issuer agreed to issue bonds, (“Series 2020A and Series 2020B”) in the aggregate amount of \$27,080,000 for the Discovery High School Project (“The Project”). The Series 2020 Project consists of the construction of an educational facility to be used by the School. Series 2020A Bonds – aggregate principal amount of \$26,530,000 yields interest between 4%-5% and have various term bond due date between June 2030 – June 2055. Series 2020B Bond – principal balance of \$550,000, yields interest at 4% and is paid in full by June 2024. Terms of the loan require bi-annual interest payment on June 1 and December 1 and annual principal payments on June 1. During the year ended June 30, 2025, the School was required to make principal and interest payments of approximately \$1,664,940.

The following schedule provides a summary of changes for the year ended June 30, 2025:

	Balance			Balance at
	July 1, 2024	Borrowings	Repayments	June 30, 2025
Bonds payable	\$ 26,005,000	\$ -	\$ 390,000	\$ 25,615,000

Annual requirements to amortize all loan debt outstanding as of June 30, 2025 are as follows:

Fiscal Year Ending June 30,	Total	Principal	Interest
2026	\$ 1,663,850	\$ 405,000	\$ 1,258,850
2027	1,662,650	420,000	1,242,650
2028	1,660,850	435,000	1,225,850
2029	1,663,450	455,000	1,208,450
2030-2034	8,427,700	2,590,000	5,837,700
2035-2039	8,466,250	3,295,000	5,171,250
2040-2044	8,509,030	4,205,000	4,304,030
2045-2049	8,562,750	5,365,000	3,197,750
2050-2054	8,645,250	6,860,000	1,785,250
2055-2059	1,818,970	1,585,000	233,970
	<u>\$ 51,080,750</u>	<u>\$ 25,615,000</u>	<u>\$ 25,465,750</u>

**NOTE 7 – NOTE PAYABLE**

In April 2025, the School financed the purchase of four school buses totaling \$634,872. The note payable requires 60 monthly payments of principal and interest of \$12,777 beginning on May 2025 and ending on April 2030.

The following schedule provides a summary of changes for the year ended June 30, 2025:

	Balance			Balance at
	July 1, 2024	Borrowings	Repayments	June 30, 2025
Bus Loan Payable	\$ -	\$ 634,872	\$ 13,359	\$ 621,513

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE 7 – NOTE PAYABLE (Continued)  
 Future maturities are as follows:

<u>Year Ended June 30</u>	
2026	\$ 111,095
2027	119,589
2028	128,697
2029	138,598
2030	<u>123,534</u>
Total	<u>\$ 621,513</u>

NOTE 8 – COMPENSATED ABSENCES  
 Changes in compensated absences during the year are as follows:

	<u>Balance</u>	<u>Net Change</u>	<u>Balance at</u>
	<u>July 1, 2024</u>		<u>June 30, 2025</u>
Compensated Absences	<u>\$ 576,572</u>	<u>\$(326,208)</u>	<u>\$ 250,364</u>

NOTE 9 – DUE FROM/LOAN RECEIVABLE FROM RELATED PARTY  
 The School is related to Discovery High School, Inc. by a common board of directors. There are several transaction that occur between the School and Discovery High School as listed below:

- The School purchased land with the intention of building educational facilities to lease to Discovery High School. The agreement indicates that the amount will be determined annually. Under the current agreement, rent expense charged to Discovery High School was \$1,200,000 for the year ended June 30, 2025 and is included in charges for services in the Statement of Activities.
- The School and Discovery High School co-signed on revenue bonds related to refinancing the debt incurred to purchase the land and constructing the new educational facilities totaling approximately \$27,000,000. The land and constructed buildings remain collateral security for the bond payable. At year end, the balance on the bonds was \$25,615,000. (Refer to Note 6).
- At June 30, 2025, the School had a due from Discovery High School of \$1,683,577 for operating costs paid by the School including payroll and transportation costs.
- There is a loan receivable for \$593,231 as of June 30, 2025 for furniture and fixtures purchased by Discovery High School in its first year of operations. Currently, there is no payment plan for this amount.

NOTE 10 – CERTAIN RISKS AND CONTINGENCIES  
 The School receives the majority of its operating revenue from per-pupil funding provided by the District under the Florida Education Finance Program (FEFP), based on the number of full-time equivalent (FTE) students enrolled. Changes in enrollment levels or modifications to the State of Florida’s funding formula or allocation procedures could affect the School’s ability to provide educational services or meet financial obligations. The accuracy of FTE data submitted by the School is subject to audit by the state and, if found to be in error, could result in refunds to the state or reductions in future funding. The School also receives grant funds from various federal, state, and local agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not reflected in these financial statements.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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**NOTE 10 – CERTAIN RISKS AND CONTINGENCIES (Continued)**

Pursuant to the Charter School contract, the District withholds an administrative fee of 5% or 2% of qualifying revenues. For the year ended June 30, 2025, administrative fees withheld by the District totaled \$100,539.

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors, omissions, and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past, and there were no reductions in coverage from those in the prior year. The School does not participate in a public entity risk pool and has had no settlements that exceeded coverage.

**NOTE 11 – PRIOR PERIOD ADJUSTMENT**

In the prior years, the School erroneously recorded a liability in the amount of \$575,375 for wages at year end. The understatement was detected in the current year and accordingly the beginning net position and fund balance was restated by \$542,364.

In addition, the School recorded a prior period adjustment of \$1,310,218, to include the reserved cash and beginning fund balance on its government fund balance sheet.

REQUIRED SUPPLEMENTAL INFORMATION

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	General Fund		
	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
State and local sources	\$ 8,909,371	\$ 8,909,371	\$ 8,798,617
Charges for services	-	-	235,191
Contributions and other income	50,000	50,000	459,045
<b>TOTAL REVENUES</b>	<b>\$ 8,959,371</b>	<b>\$ 8,959,371</b>	<b>\$ 9,492,853</b>
<b>EXPENDITURES</b>			
Instruction	\$ 4,581,797	\$ 4,581,797	\$ 3,583,847
Instructional support services	379,017	379,017	637,578
Instructional media services	55,488	55,488	51,588
Instructional staff training services	82,018	82,018	93,801
Board	105,100	105,100	141,690
School administration	1,380,802	1,380,802	1,446,098
Fiscal services	62,000	62,000	157,277
Central services	173,253	173,253	49,477
Pupil transportation services	1,310,909	1,310,909	1,538,787
Operation of plant	610,350	610,350	662,250
Administrative technology services	-	-	21,484
Capital outlay	26,500	26,500	717,072
Debt services	-	-	27,501
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,767,234</b>	<b>\$ 8,767,234</b>	<b>\$ 9,128,450</b>
Other financing sources, net	\$ -	\$ -	\$ (119,811)
Excess of revenues over expenses	<u>\$ 192,137</u>	<u>\$ 192,137</u>	<u>\$ 244,592</u>

See accompanying note to the required supplemental information.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET**  
**AND ACTUAL – SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Special Revenue Fund		
	Original Budget	Final Budget	Actual
REVENUES			
Federal passed through local school district	\$ 80,000	\$ 80,000	\$ 1,475,580
Charges for services	-	-	180,938
TOTAL REVENUES	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 1,656,518</u>
EXPENDITURES			
Instruction	\$ 80,000	\$ 80,000	\$ 624,901
Food services	-	-	878,405
TOTAL EXPENDITURES	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 1,503,306</u>
Other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,575)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 106,637</u></u>

See accompanying note to the required supplemental information.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**FRS/HIS - SCHEDULE OF PROPORTION SHARE OF NET PENSION LIABILITY**  
**JUNE 30, 2025**

**Schedule of Proportionate Share of Net Pension Liability - Florida Retirement System – Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability	0.0109%	0.0121%	0.0134%	0.0119%	0.0106%	0.0103%	0.0096%	0.0080%	0.0072%	0.0077%
School's proportionate share of the net pension liability	\$ 4,200,006	\$ 4,820,887	\$ 4,987,672	\$ 897,775	\$ 4,636,617	\$ 3,548,941	\$ 2,882,323	\$ 2,374,795	\$ 1,822,059	\$ 992,325
School's covered-employee payroll	\$ 5,241,192	\$ 4,790,123	\$ 4,343,162	\$ 4,200,609	\$ 4,197,746	\$ 3,701,072	\$ 3,690,313	\$ 3,819,590	\$ 3,705,121	\$ 3,953,168
School's proportionate share of the net pension liability as a % of its covered payroll	80.13%	100.64%	114.84%	21.37%	110.45%	95.89%	78.11%	62.17%	49.18%	25.10%
Plan fiduciary net position as a % of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

**Schedule of Proportionate Share of Net Pension Liability - Health Insurance Subsidy Program – Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability	0.0193%	0.0202%	0.0208%	0.0186%	0.0188%	0.0173%	0.0161%	0.0140%	0.0127%	0.0123%
School's proportionate share of the net pension liability	\$ 2,890,550	\$ 3,201,041	\$ 2,200,445	\$ 2,287,652	\$ 2,292,972	\$ 1,937,852	\$ 1,707,366	\$ 1,493,232	\$ 1,484,939	\$ 1,249,207
School's covered-employee payroll	\$ 5,241,192	\$ 4,790,123	\$ 4,343,162	\$ 4,200,609	\$ 4,197,746	\$ 3,701,072	\$ 3,690,313	\$ 3,819,590	\$ 3,705,121	\$ 3,953,168
School's proportionate share of the net pension liability as a % of its covered payroll	55.15%	66.83%	50.66%	54.46%	54.62%	52.36%	46.27%	39.09%	40.08%	31.60%
Plan fiduciary net position as a % of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

Note 2: The amounts shown above are for illustration purposes only. Each employer will determine the appropriate amounts to present based upon amounts published in the pension allocation schedules.

Note 3: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Comprehensive Annual Financial Report on the website indicated in Note 5.

Note 4: Refer to GASB 81a - the information in this schedule should be determined as of the measurement date of the collective net pension liability.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**FRS/HIS - SCHEDULE OF CONTRIBUTIONS**  
**JUNE 30, 2025**

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**Schedule of Contributions Florida Retirement System – Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 614,793	\$ 582,018	\$ 572,008	\$ 452,766	\$ 355,443	\$ 319,533	\$ 272,717	\$ 298,068	\$ 209,003	\$ 187,311
Contributions in relation to the contractually required contribution	\$ (614,793)	\$ (582,018)	\$ (572,008)	\$ (452,766)	\$ (355,443)	\$ (319,533)	\$ (272,717)	\$ (298,068)	\$ (209,003)	\$ (187,311)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Schools' covered-employee payroll	\$ 5,241,192	\$ 4,790,123	\$ 4,343,162	\$ 4,200,609	\$ 4,197,746	\$ 3,701,072	\$ 3,690,313	\$ 3,819,590	\$ 3,705,121	\$ 3,953,168
Contributions as a % of covered-employee payroll	11.73%	12.15%	13.17%	10.78%	8.47%	8.63%	7.39%	7.80%	5.64%	4.74%

**Schedule of Contributions Health Insurance Subsidy Program – Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 163,138	\$ 132,590	\$ 125,709	\$ 109,622	\$ 108,219	\$ 96,172	\$ 87,481	\$ 73,908	\$ 31,490	\$ 21,315
Contributions in relation to the contractually required contribution	\$ (163,138)	\$ (132,590)	\$ (125,709)	\$ (109,622)	\$ (108,219)	\$ (96,172)	\$ (87,481)	\$ (73,908)	\$ (31,490)	\$ (21,315)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Schools' covered-employee payroll	\$ 5,241,192	\$ 4,790,123	\$ 4,343,162	\$ 4,200,609	\$ 4,197,746	\$ 3,701,072	\$ 3,690,313	\$ 3,819,590	\$ 3,705,121	\$ 3,953,168
Contributions as a % of covered-employee payroll	3.11%	2.77%	2.89%	2.61%	2.58%	2.60%	2.37%	1.93%	0.85%	0.54%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is complied, governments should present information for only those years for which information is available.

Note 2: The amounts shown above are for illustration purposes only. Each employer will determine the appropriate amounts to present upon their accounting data.

Note 3: Refer to GASB 68, paragraph 81b - the information in this schedule should be determined as of the employer's most recent fiscal year.

**DISCOVERY ACADEMY OF LAKE ALFRED, INC.**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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NOTE A – BUDGETARY INFORMATION

Budgetary basis of accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2025, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).



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MEMBER  
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FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
NATIONAL ASSOCIATION OF  
CERTIFIED VALUATION ANALYSTS  
COLLABORATIVE FAMILY  
LAW INSTITUTE

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*

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Board of Directors of  
Discovery Academy of Lake Alfred, Inc. Charter School, Inc. and Subsidiary  
Lake Alfred, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Discovery Academy of Lake Alfred, Inc., Inc. (“DALA”, the “School”) and Subsidiary, 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 September 24, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

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

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

### **Compliance and Other Matters**

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

### **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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*García Santa María De Armas Trujillo, PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 24, 2025



PAUL A. GARCIA, CPA/CFF,CVA  
ERIC E. SANTA MARÍA, CPA/ABV/CFF, CAA  
PEDRO M. DE ARMAS, CPA  
ALEX M. TRUJILLO, CPA

PRINCIPAL  
ILIANA M. LARCADA, CFE  
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## MANAGEMENT LETTER

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
NATIONAL ASSOCIATION OF  
CERTIFIED VALUATION ANALYSTS  
COLLABORATIVE FAMILY  
LAW INSTITUTE

Board of Directors of  
Discovery Academy of Lake Alfred, Inc., Inc. and Subsidiary  
Lake Alfred, Florida

### Report on the Financial Statements

We have audited the financial statements of Discovery Academy of Lake Alfred, Inc. (the “School”) as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 24, 2025.

### Auditor’s 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 Auditor's 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 September 24, 2025, 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 school code of the entity is Discovery Academy of Lake Alfred, Inc. Charter School, #502911.

### **Financial Condition and Management**

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School 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 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. It is management's responsibility to monitor the School'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. The financial condition assessment procedures applied in connection with our audit, has lead us to believe that the School's overall financial condition as of June 30, 2025 is not deteriorating.

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 noted that there were several adjustments that needed to be made to the financial statements due to the turnover of accounting personnel during the beginning of the year. These adjustments have been posted by management at year end. We noted that the School hired Building Hope during the year to assist in the day-to-day accounting of the books of the School.

### **Transparency**

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School 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 fraud, waste, abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not 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, the Board of Directors, and applicable management and Discovery Academy of Lake Alfred, Inc., Inc. is not intended to be and should not be used by anyone other than these specified parties.

*García Santa María De Armas Trujillo, PLLC*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
September 24, 2025