

2025

Lake Wales Charter Schools, Inc.

Edward W. Bok Academy North

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

Financial Statements and

Independent Auditor's Report

June 30, 2025

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

**LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT
OF THE DISTRICT SCHOOL BOARD OF
POLK COUNTY, FLORIDA**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR’S REPORT**

JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Lake Wales Charter Schools, Inc.
Edward W. Bok Academy North, a Charter School and Component Unit
of the District School Board of Polk County, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of governmental activities, each major fund, and the aggregate remaining fund information of Lake Wales Charter Schools, Inc. – Edward W. Bok Academy North (the School), a charter school and component unit of the District School Board of Polk County, Florida as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Correction of Error

As discussed in Note 9 to the financial statements, beginning equity has been restated to correct an error in prior period financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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To the Board of Trustees of Lake Wales Charter Schools, Inc.
Edward W. Bok Academy North, a Charter School and Component Unit
of the District School Board of Polk County, Florida

INDEPENDENT AUDITOR'S REPORT

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.

To the Board of Trustees of Lake Wales Charter Schools, Inc.
Edward W. Bok Academy North, a Charter School and Component Unit
of the District School Board of Polk County, Florida

INDEPENDENT AUDITOR'S REPORT

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, the budgetary comparison information on pages 33-34 and the pension information on pages 35-36 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 November 28, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Purvis Gray

November 28, 2025
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Edward W. Bok Academy North (the School) presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

Lake Wales Charter Schools, Inc. (the Company) operates a system of seven public charter schools in the Lake Wales, Florida area, and the School is a part of that system. Additionally, a central administrative office provides various management, administrative, food, and transportation services to the School.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2025, the School's revenues exceeded expenses by \$2,284,883, representing an increase from the prior year when revenues exceeded expenses by \$1,015,574.
- Overall, revenues increased by approximately \$1,595,357, which represents a 22% increase from the prior year.
- Overall, expenses increased by approximately \$326,048, which represents a 5% increase from the prior year.
- Total assets and deferred outflows were \$17,824,952, and liabilities and deferred inflows were \$14,556,254, resulting in net position of \$3,268,698 as of June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
 - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.
 - The *fiduciary fund* financial statements provide information about the financial activities in which the School serves only as the custodian for assets that belong to others, such as student activities funds.

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

This document also includes the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, as well as the management letter required by the *Rules of the Auditor General*, Chapter 10.850.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following table summarizes the major features of the School’s financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of Management’s Discussion and Analysis explains the structure and contents of each of the statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

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

	Governmental Activities		Increase (Decrease)
	2025	2024	
Current and Other Assets	\$ 1,626,923	\$ 3,032,811	-46%
Capital Assets, Net	15,063,227	9,718,246	55%
Deferred Outflows of Resources	1,134,802	1,219,655	-7%
Total Assets and Deferred Outflows	17,824,952	13,970,712	28%
Current Liabilities	4,548,349	-	
Long-Term Liabilities	9,711,325	10,291,238	-6%
Deferred Inflows of Resources	296,580	199,434	49%
Total Liabilities and Deferred Inflows	14,556,254	10,490,672	39%
Net Position			
Net Investment in Capital Assets	7,744,320	1,770,414	337%
Restricted	-	2,347,455	-100%
Unrestricted	(4,475,622)	(637,829)	602%
Total Net Position	\$ 3,268,698	\$ 3,480,040	-6%

The School ended its fiscal year with a net position of \$3,268,698, with \$7,744,320 as the net investment in capital assets and (\$4,475,622) in unrestricted funds representing the accumulated results of prior years' operations. The unrestricted net position represents the amount of discretionary resources that can be used to fund the School's general operations, which includes pension balances under Governmental Accounting Standards Board No. 68. The Company has the resources available to meet all current obligations.

Current and other assets totaled \$1,626,923, with most of this amount representing amounts due from the central administrative office. Since the Company maintains cash deposits on a pooled basis for all of its charter schools, the amount due from the central administrative office represents amounts advanced by the School to the Company for operating costs and represents the School's share of the pooled cash balance.

Current liabilities increased due to advances from the Company for the renovation of the 1919 Building which will be repaid by the School as funds become available.

The changes in long-term liabilities are primarily related to the compensated absences and bonds payable. See Note 5 for additional information on the bond covenant agreement.

Change in Net Position

The School's total revenues increased by 22% to \$8,787,958, and the total cost of all programs and services increased by 5% to \$6,503,075 – see table below.

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Governmental Activities		Increase (Decrease)
	2025	2024	
Revenues			
Federal Sources	\$ 341,262	\$ 170,436	100%
State and Local Sources	6,276,103	5,813,705	8%
Contributions and Other Revenue	2,170,593	1,208,460	80%
Total Revenues	8,787,958	7,192,601	22%
Expenses			
Instruction	3,587,926	3,261,994	10%
Student Support Services	182,231	86,686	110%
Instruction and Curriculum Development	167,022	77,399	116%
Instruction-Related Technology	7,242	7,517	-4%
Board	16,528	12,500	32%
General Administration	27,517	26,686	3%
School Administration	885,044	1,116,571	-21%
Facilities Acquisition and Construction	282,460	370,111	-24%
Fiscal Services	-	2,000	-100%
Pupil Transportation	472,293	479,775	-2%
Operation of Plant	667,161	539,024	24%
Administrative Technology Services	-	1,557	-100%
Community Services	26,115	21,191	23%
Interest	181,536	174,016	4%
Total Expenses	6,503,075	6,177,027	5%
Change in Net Position	\$ 2,284,883	\$ 1,015,574	125%

The School operates primarily on funding from the FEFP, state categorical educational funding, and local property taxes (71% of the school's total revenues) to support governmental activities. The increase in FEFP funding is attributed to a rise in the base student allocation. The School received approximately 4% of its total revenues from federal sources, including Title I and IDEA entitlement revenue to supplement the School's 2024-25 operations. The majority of the increase in revenues from federal sources is attributed to an increase in the Title I allocation. The remaining portion of the school's revenue (25%) is comprised of contributions and program revenue.

Instruction and instruction-related activities account for 61% of the School's expenses, which increased by approximately 6% during fiscal year 2024-25. This increase was primarily the result of increases in salaries and related expenses, as well as increases in pension expense. The general administration expenses reflect the administration fee paid to the School Board based on FEFP revenue. The decrease in School administration expenses is attributed to a reduction in personnel costs and pension expenses resulting from the removal of two administrators during the year. The operation of plant increased due to increases in insurance premiums, contract services, and repair costs.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a combined fund balance of \$(2,921,426), which is a decrease from the prior year of \$3,458,012 primarily due to capital outlay expenditures related to the renovation of the 1919 Building. Revenues and non-capital outlay expenditures changed overall for the same reasons described above.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General and Special Revenue Fund Budgetary Highlights

Throughout the fiscal year, the School adjusted its budget to reflect changes in revenues and expenditures. The general fund budget amendments were primarily made to reflect revised student enrollment and adjust planned expenditures in accordance with actual resource needed. The special revenue fund budget amendments were performed to adjust the budget allocations to reflect the final approved federal awards from the state.

For 2025, actual general fund revenues were approximately \$113,205 below the budgeted amounts, which represents a 2% budget variance. Actual general fund expenditures were approximately \$280,613 below the budgeted amounts, which represents a 5% budget variance.

For 2025, actual special revenue fund revenues and expenditures were approximately \$24,671 below the final budget, which represents a 7% budget variance.

CAPITAL ASSET ADMINISTRATION

At the end of fiscal 2025, the School had invested \$15,063,227 in capital assets, net of accumulated depreciation, consisting primarily of land, buildings, construction in progress, computers, and other electronic equipment.

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

- Renovation of the 1919 Building - \$5,647,019
- Computers - \$27,719

The School's fiscal year 2026 capital budget includes additional spending related to completing the renovation of the 1919 building. More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

Long-Term Debt

As of June 30, 2025, the School had \$9,711,325 in long-term debt outstanding. Scheduled payments reduced the bonds payable. The note payable with an outstanding balance of \$368,465 was forgiven by the City of Lake Wales during the year. More detailed information about the School's long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- Student membership and FEFP funding per pupil.
- Cost of goods and services.
- Competitive employee compensation.

Amounts available for appropriation in the general fund are \$6,130,968, an increase of 3% from the final 2025 amount of \$5,958,074. Budgeted general fund expenditures are expected to increase to \$6,130,968 or 7%, from the final 2025 amount of \$5,723,830. The School is allocating resources to enhance academic achievement at all student-learning levels and for anticipated student membership.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
Assets	
Accounts Receivable	\$ 39,237
Due from Central Administrative Office	1,469,519
Other Current Assets	118,167
Capital Assets, Net	15,063,227
Total Assets	16,690,150
 Deferred Outflows of Resources	
Pension Related Deferred Outflows of Resources	1,134,802
 Total Assets and Deferred Outflows of Resources	17,824,952
 Liabilities	
Advance from Central Administrative Office	4,548,349
Long-Term Liabilities:	
Due Within One Year	312,029
Due in More than One Year	9,399,296
Total Liabilities	14,259,674
 Deferred Inflows of Resources	
Pension Related Deferred Inflows of Resources	296,580
 Net Position	
Net Investment in Capital Assets	7,744,320
Unrestricted	(4,475,622)
Total Net Position	3,268,698
 Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 17,824,952

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

**LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities						
Instruction	\$ 3,587,926	\$ -	\$ 109,756	\$ -	\$ (3,478,170)	\$ (3,478,170)
Student Support Services	182,231	-	85,257	-	(96,974)	(96,974)
Instruction and Curriculum Development	167,022	-	146,249	-	(20,773)	(20,773)
Instruction Related Technology	7,242	-	-	-	(7,242)	(7,242)
Board	16,528	-	-	-	(16,528)	(16,528)
General Administration	27,517	-	-	-	(27,517)	(27,517)
School Administration	885,044	-	-	-	(885,044)	(885,044)
Facilities Acquisition and Construction	282,460	-	-	-	(282,460)	(282,460)
Pupil Transportation	472,293	-	-	-	(472,293)	(472,293)
Operation of Plant	667,161	-	-	-	(667,161)	(667,161)
Community Services	26,115	-	-	-	(26,115)	(26,115)
Interest	181,536	-	-	-	(181,536)	(181,536)
Total Primary Government	<u>\$ 6,503,075</u>	<u>\$ -</u>	<u>\$ 341,262</u>	<u>\$ -</u>	<u>(6,161,813)</u>	<u>(6,161,813)</u>
General Revenues						
State and Local Sources					6,276,103	6,276,103
Contributions and Other Revenues					2,170,593	2,170,593
Total General Revenues					<u>8,446,696</u>	<u>8,446,696</u>
Change in Net Position					2,284,883	2,284,883
Net Position at Beginning of Year, as Previously Reported					3,480,040	3,480,040
Restatement (Note 9)					(2,496,225)	(2,496,225)
Net Position at Beginning of Year, as Restated					<u>983,815</u>	<u>983,815</u>
Net Position at End of Year					<u>\$ 3,268,698</u>	<u>\$ 3,268,698</u>

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

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Accounts Receivable	\$ -	\$ -	\$ 39,237	\$ 39,237
Due from Central Administrative Office	1,941,186	-	-	1,941,186
Due from Other Funds	-	-	-	-
Other Current Assets	4,414	-	113,753	118,167
Total Assets	1,945,600	-	152,990	2,098,590
Liabilities				
Due to Central Administrative Office	-	-	471,667	471,667
Advance from Central Administrative Office	-	-	4,548,349	4,548,349
Total Liabilities	-	-	5,020,016	5,020,016
Fund Balances				
Non-Spendable:				
Other Current Assets	4,414	-	113,753	118,167
Unassigned	1,941,186	-	(4,980,779)	(3,039,593)
Total Fund Balances	1,945,600	-	(4,867,026)	(2,921,426)
Total Liabilities and Fund Balances	\$ 1,945,600	\$ -	\$ 152,990	\$ 2,098,590

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

**LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balances - Total Governmental Funds \$ (2,921,426)

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$16,002,731 and the accumulated depreciation is \$939,504. 15,063,227

Amounts accrued for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (77,593)

The following pension related balances do not use current resources or are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Pension Related Deferred Outflows of Resources	1,134,802
Net Pension Liability	(2,314,825)
Pension Related Deferred Inflows of Resources	(296,580)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the government funds. Long-term liabilities at year-end include:

Bonds Payable	<u>(7,318,907)</u>
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Total Net Position - Governmental Activities \$ 3,268,698

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

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Federal Sources	\$ -	\$ 341,262	\$ -	\$ 341,262
State and Local Sources	5,825,385	-	450,718	6,276,103
Contributions and Other Revenue	19,484	-	1,782,644	1,802,128
Total Revenues	<u>5,844,869</u>	<u>341,262</u>	<u>2,233,362</u>	<u>8,419,493</u>
Expenditures				
Current:				
Instruction	3,275,249	109,756	-	3,385,005
Student Support Services	96,795	85,257	-	182,052
Instruction and Curriculum Development	-	146,249	-	146,249
Instruction Related Technology	2,760	-	-	2,760
Board	16,528	-	-	16,528
General Administration	27,517	-	-	27,517
School Administration	848,197	-	-	848,197
Facilities Acquisition and Construction	-	-	166,135	166,135
Pupil Transportation	472,293	-	-	472,293
Operation of Plant	646,618	-	2,749	649,367
Community Services	23,391	-	-	23,391
Debt Service:				
Principal	-	-	260,460	260,460
Interest	-	-	181,536	181,536
Capital Outlay	33,869	-	5,482,146	5,516,015
Total Expenditures	<u>5,443,217</u>	<u>341,262</u>	<u>6,093,026</u>	<u>11,877,505</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>401,652</u>	<u>-</u>	<u>(3,859,664)</u>	<u>(3,458,012)</u>
Other Financing Sources (Uses)				
Operating Transfer in	-	-	300,000	300,000
Operating Transfer out	(300,000)	-	-	(300,000)
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Net Changes in Fund Balances	101,652	-	(3,559,664)	(3,458,012)
Fund Balances at Beginning of Year, as Previously Reported	685,356	-	2,347,455	3,032,811
Restatement (Note 9)	1,158,592	-	(3,654,817)	(2,496,225)
Fund Balances at Beginning of Year, as Restated	<u>1,843,948</u>	<u>-</u>	<u>(1,307,362)</u>	<u>536,586</u>
Fund Balances at End of Year	<u>\$ 1,945,600</u>	<u>\$ -</u>	<u>\$ (4,867,026)</u>	<u>\$ (2,921,426)</u>

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

**LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ (3,458,012)

Amounts reported for governmental activities in the statement of net position 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 and reported as depreciation expense. This is the amount by which capital outlays (\$5,682,150) exceed depreciation expense (\$337,169) in the current period. 5,344,981

Compensated absences included in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 12,950

The net changes in net pension liability and deferred outflows and inflows related to pension in the statement of activities does not provide or require the use of current financial resources and, therefore, is not reported as a net change in fund balances in the governmental funds. (243,961)

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. 260,460

Debt forgiveness represents the extinguishment of a liability without the use of current financial resources. Accordingly, the amount of debt forgiven during the year is added to the change in net position of governmental activities. 368,465

Change in Net Position of Governmental Activities \$ 2,284,883

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

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025

	Custodial Fund
Assets	
Due from Central Administrative Office	\$ 67,305
Total Assets	67,305
Net Position	
Restricted for:	
Student Activities	67,305
Total Net Position	\$ 67,305

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

**LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
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THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

	Custodial Fund
Additions	
Collections for Student Activities	\$ 114,172
Total Additions	114,172
Deductions	
Payments for Student Activities	110,209
Total Deductions	110,209
Change in Net Position	3,963
Net Position at Beginning of Year	63,342
Net Position at End of Year	\$ 67,305

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

**LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

Lake Wales Charter Schools, Inc. (the Company) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the *Florida Not For Profit Corporation Act* and Section 1002.33, Florida Statutes. Edward W. Bok Academy North (the School) operates as part of the Company with six other charter schools in the Lake Wales, Florida area. The governing body of the School is the not-for-profit corporation Board of Trustees, which is composed of no less than three and no more than nine members. The School commenced formal operations on July 1, 2018. Effective July 1, 2011, the Company became its own local educational agency.

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 current charter is effective until June 30, 2033, and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter 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, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education (FDOE) to be redistributed among eligible charter schools. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board (GASB) accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

Basis of Presentation—Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by the Florida Education Finance Program (FEFP) and state and federal grants, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Grants or other revenues not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the School's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. There are no non-major governmental or enterprise funds.

The School reports the following major governmental funds:

General Fund—The General Fund is the School's primary operating fund. It accounts for all resources not required to be accounted for in another fund.

Special Revenue Fund—The Special Revenue Fund accounts for the proceeds of specific revenue sources and grants that are restricted by law or administrative action to expenditure for specific purposes and to provide a single source of accountability for all funds received.

Additionally, the School reports the following fund type:

Custodial Fund—The Custodial Fund accounts for assets held for others in a fiduciary capacity, such as student activity fees. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the custodial funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

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Governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues, except for certain grant revenues, are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, other postemployment benefits, and compensated absences, which are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under financed purchases are reported as other financing sources. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Budgetary Basis Accounting

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

Deposits and Investments

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

Accounts Receivable

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

Capital Assets and Depreciation

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Capital assets are defined by the Company as assets with a cost of more than \$750 and an estimated useful life in excess of one year. Purchased capital assets are reported at historical cost, net of accumulated depreciation, in the government-wide financial statements. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

	Years
Buildings	30
Improvements Other Than Buildings	5
Furniture, Fixtures and Equipment	3

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Compensated Absences

Compensated absences (i.e., paid absences for employee vacation leave and sick leave) are recorded as expenditures in the governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as expenses when earned by the employees.

Pensions

In the government-wide statement of net position, liabilities are recognized for the School's proportionate share of the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the FRS and HIS defined benefit plans and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Long-Term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds.

Fund Balance Spending Policy

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

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

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Revenue Sources

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

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

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

The School is also eligible for charter school capital outlay funding. The amounts received under this program are based on the School’s actual and projected student enrollment during the fiscal year. Funds received under this program may only be used for lawful capital outlay expenditures and, as such, any expended amounts are reflected as restricted net position and restricted fund balance in the accompanying financial statements.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - Interfund Activities

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 300,000
Capital Projects Fund	300,000	-
Total Interfund	\$ 300,000	\$ 300,000

The primary purpose of interfund transfers is to move funds for the payment of construction costs.

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Note 3 - Changes in Capital Assets

Capital asset activity during 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 62,000	\$ -	\$ -	\$ 62,000
Construction in Progress	1,699,093	5,647,019	-	7,346,112
Total Capital Assets Not Being Depreciated	<u>1,761,093</u>	<u>5,647,019</u>	<u>-</u>	<u>7,408,112</u>
Capital Assets Being Depreciated:				
Improvements Other Than Buildings	72,684	7,412	-	80,096
Buildings	8,325,129	-	(106,729)	8,218,400
Furniture, Fixtures and Equipment	437,234	27,719	(168,830)	296,123
Total Capital Assets Being Depreciated	<u>8,835,047</u>	<u>35,131</u>	<u>(275,559)</u>	<u>8,594,619</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	(11,699)	(21,416)	-	(33,115)
Buildings	(513,615)	(265,906)	106,729	(672,792)
Furniture, Fixtures and Equipment	(352,580)	(49,847)	168,830	(233,597)
Total Accumulated Depreciation	<u>(877,894)</u>	<u>(337,169)</u>	<u>275,559</u>	<u>(939,504)</u>
Governmental Activities Capital Assets, Net	<u>\$ 9,718,246</u>	<u>\$ 5,344,981</u>	<u>\$ -</u>	<u>\$ 15,063,227</u>

Certain reclassifications were made in the 2024 amounts to conform to their classifications in fiscal year 2025.

Depreciation expense was charged to functions as follows:

Governmental Activities	
Instruction	\$ 15,320
Instruction and Curriculum Development	16,204
Instruction Related Technology	4,482
Facilities Acquisition and Construction	282,460
Operation of Plant	15,979
Community Services	2,724
Total Governmental Activities Depreciation Expense	<u>\$ 337,169</u>

Note 4 - Commitments and Contingent Liabilities

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2025, may be impaired.

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In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

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

Risk Management Program

Workers' compensation coverage, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage. Health and hospitalization coverage is self-insured as a group through the Company.

Contingency

The Company obtained a loan from a financial institution in order to purchase property for the location of one of its middle schools. In addition to a mortgage on the property acquired, the furniture, fixtures and equipment of the School also serve as collateral for the loan.

Note 5 - Long-Term Liabilities

Long-term liabilities activity during 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable	\$ 7,579,367	\$ -	\$ (260,460)	\$ 7,318,907	\$ 269,353
Note Payable	368,465	-	(368,465)	-	-
Compensated Absences	90,543	-	(12,950)	77,593	42,676
Net Pension Liability	<u>2,252,863</u>	<u>61,962</u>	<u>-</u>	<u>2,314,825</u>	<u>-</u>
Governmental Activities, Long-Term Liabilities	<u>\$ 10,291,238</u>	<u>\$ 61,962</u>	<u>\$ (641,875)</u>	<u>\$ 9,711,325</u>	<u>\$ 312,029</u>

Compensated absences and pension liability are presented net. Bonds payable and note payable are typically liquidated first with capital project fund resources, when available, and then with general fund resources.

Bonds Payable

On September 1, 2021, the Company entered into an agreement with Polk County Industrial Development Authority (the Issuer). The Issuer agreed to issue Industrial Development Revenue Bonds, Series 2021, in the principal amount of up to \$8,000,000 (the Bonds). The Bonds were used to finance the cost of: (i) construction, equipping and renovation of certain improvements on the School campus; (ii) site development and construction of a new approximately 30,000 square foot instructional building consisting of 18 classrooms; (iii) renovation of a cafeteria building and other improvements related thereto; and (iv) to pay for other costs of issuing the Bonds (the Project).

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The Bonds were privately placed with Citizens Bank and Trust (the Lender) and do not constitute a debt, liability, or obligation of the Issuer or of the State of Florida or of any other political subdivision. The Lender has agreed to purchase the bonds by making advances to the Company in order to provide funds to finance the Project. Proceeds from the Bonds were recorded in the capital projects fund of the School.

The Issuer has no obligation for the debt beyond the resources provided by the facilities. The Company shall pay directly to the Lender, for the account of the Issuer, on or before the dates required under the Bonds and under the financing agreement. The Bonds are subject to a 10-year fixed interest rate of 2.40%. The initial rate is the floor; each subsequent adjusted rate is based on the 5-year Treasury Rate at the date of change plus a margin of 2.40%. The Bonds were issued at par.

The agreement requires interest-only payments for the first 12 months (November 2021 to October 2022) based on the outstanding balance and 9 years of principal and interest payments followed by a one-time adjustment for the next five-year payment period and another one-time adjustment for the next five-year payment period and a final one-time adjustment for the last five-year payment period, all based on a 24-year amortization. The Bonds have an outstanding balance of \$7,318,907, and the bond maturity date is October 1, 2046.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 269,353	\$ 172,643	\$ 441,996
2027	275,889	166,107	441,996
2028	282,583	159,413	441,996
2029	289,440	152,556	441,996
2030	296,464	145,532	441,996
2031-2035	1,593,784	616,196	2,209,980
2036-2040	1,796,771	413,209	2,209,980
2041-2045	2,025,610	184,370	2,209,980
2046-2050	489,013	7,043	496,056
Total	<u>\$ 7,318,907</u>	<u>\$ 2,017,069</u>	<u>\$ 9,335,976</u>

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

Note 6 - Pension Plans

Pension Plan Descriptions

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

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

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

Benefits Provided

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

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

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

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

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

(a) Employer rates include 2.00% for HIS and 0.06% for administration of FRS and provision of educational tools for both plans, and any applicable unfunded actuarial liability rates.

(b) Contribution rates are dependent upon the retirement class in which re-employed.

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The School's contributions for the year ended June 30, 2025, were \$207,347 to the FRS Pension Plan and \$57,219 to the HIS Program.

Pension Liabilities and Pension Expense

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

	<u>FRS</u>	<u>HIS</u>
Net Pension Liability	\$ 1,368,596	\$ 946,229
Proportion at:		
Current Measurement Date	0.00354%	0.00631%
Prior Measurement Date	0.00339%	0.00568%
Pension Expense	\$ 365,095	\$ 143,432

Deferred Outflows/Inflows of Resources Related to Pensions

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

<u>Description</u>	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer Contributions After Measurement Date	\$ 207,347	\$ -	\$ 57,219	\$ -
Difference Between Expected and Actual Experience	138,265	90,964	9,136	1,817
Change of Assumptions	187,579	-	16,746	112,021
Changes of Proportion and Difference Between School Contributions and Proportionate Share of Contributions	243,179	88,394	275,331	342
Net Difference Between Projected and Actual Earnings on Pension Investments	-	-	-	3,042
Total	<u>\$ 776,370</u>	<u>\$ 179,358</u>	<u>\$ 358,432</u>	<u>\$ 117,222</u>

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

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<u>Fiscal Year Ending</u>	<u>FRS Amount</u>	<u>HIS Amount</u>
2026	\$ 116,070	\$ 90,576
2027	257,999	74,559
2028	(1,231)	11,629
2029	1,786	(1,717)
2030	15,041	6,674
Thereafter	-	2,270
Total	<u>\$ 389,665</u>	<u>\$ 183,991</u>

Actuarial Assumptions

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

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

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

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

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

FRS	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
School’s Proportionate Share of the Net Pension Liability	\$ 2,407,312	\$ 1,368,596	\$ 498,451
HIS	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
School’s Proportionate Share of the Net Pension Liability	\$ 1,077,160	\$ 946,229	\$ 837,535

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

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Note 7 - Schedule of State and Local Revenue Sources

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

District School Board of Polk County, Florida:	
Florida Education Finance Program	\$ 3,589,795
Class Size Reduction	652,523
Capital Outlay	450,718
Discretionary Local Effort	278,560
Teacher Salary Increase Allocation	185,705
Discretionary Millage Funds	293,642
ESE Guaranteed Allocation	199,923
Supplemental Academic Instruction	180,288
Transportation	234,258
Safe Schools	63,866
School Recognition	92,507
Mental Health Assistance Allocation	44,418
Teacher Lead Pay	9,900
Total	<u><u>\$ 6,276,103</u></u>

The administration fee paid to the School Board during 2025 totaled approximately \$28,000, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

Note 8 - Related-Party Transactions

As previously noted, the Company maintained cash deposits on a pooled basis for all of its charter schools during the fiscal year ended June 30, 2025. The amount due to the central administrative office in the accompanying financial statements represents the School's overdrawn share of the pooled cash balance. The balance of \$1,469,519 is net of accounts payable and payroll liabilities (taxes, insurance, retirement, etc.) to be paid by the Company on behalf of the School.

In addition, the Company provides certain management and administrative services to the School. Expenses for these services are generally allocated to each charter school operated by the Company based on the relative number of students, but can be increased or decreased at the discretion of the Company. For the year ended June 30, 2025, the School's share of these expenses totaled \$260,908, which is reflected as a school administration expense/expenditure in the accompanying financial statements.

The Company also provides transportation services for the School in exchange for the transportation revenue generated by the School based on its full-time equivalent student count. Amounts paid to the Company for transportation services during fiscal year 2025 totaled \$465,590.

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During fiscal year 2025, the School received \$1,657,644 in contributions from the Company to support building renovations. These amounts are included in contributions and other revenue in the accompanying financial statements. Additionally, the Company has advanced \$4,548,349 to the School as of June 30, 2025, in the form of a loan which will be repaid by the School as excess capital outlay funds become available.

During fiscal year 2025, the School received \$11,215 in donations from the Lake Wales Charter Schools Foundation to assist in the payment of various operating expenses. These amounts are included in contributions and other revenue in the accompanying financial statements.

During fiscal year 2025, the Company operated and managed all of its charter schools as one collective unit, although each charter school is considered a separate reporting entity. As one legal entity, the Company has the option to transfer funds between schools as it deems necessary. For the year ended June 30, 2025, no transfers between schools occurred.

Note 9 - Restatement – Error Correction

In the government-wide and governmental fund financial statements, beginning equity was misstated due to certain interfund loans being reported as transfers from the general fund to the capital projects fund and errors in the allocation of cash between the School and the Company in prior years. The effect of the restatements are as follows:

	Net Position/ Fund Balance, as Previously Reported	Interfund Loan	Cash Allocation	Net Position/ Fund Balance, as Restated
General Fund	\$ 685,356	\$ 1,158,592	\$ -	\$ 1,843,948
Capital Projects Fund	2,347,455	(1,158,592)	(2,496,225)	(1,307,362)
Governmental Activities	3,480,040	-	(2,496,225)	983,815

REQUIRED SUPPLEMENTARY INFORMATION

LAKE WALES CHARTER SCHOOLS, INC.
EDWARD W. BOK ACADEMY NORTH
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THE DISTRICT SCHOOL BOARD OF POLK COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
State and Local Sources	\$ 5,925,668	\$ 5,896,733	\$ 5,825,385	\$ (71,348)
Contributions and Other Revenue	86,347	61,341	19,484	(41,857)
Total Revenues	<u>6,012,015</u>	<u>5,958,074</u>	<u>5,844,869</u>	<u>(113,205)</u>
Expenditures				
Current:				
Instruction	3,574,658	3,499,058	3,275,249	223,809
Student Support Services	54,314	75,552	96,795	(21,243)
Instruction Related Technology	-	2,760	2,760	-
Board	13,250	18,500	16,528	1,972
General Administration	28,626	28,080	27,517	563
School Administration	998,821	869,343	848,197	21,146
Pupil Transportation	539,496	475,336	472,293	3,043
Operation of Plant	530,552	728,403	646,618	81,785
Community Services	24,318	26,798	23,391	3,407
Capital Outlay	-	-	33,869	(33,869)
Total Expenditures	<u>5,764,035</u>	<u>5,723,830</u>	<u>5,443,217</u>	<u>280,613</u>
Excess of Revenues Over Expenditures	247,980	234,244	401,652	167,408
Other Financing Uses				
Operating Transfer Out	(247,980)	(234,244)	(300,000)	(65,756)
Total Other Financing Uses	<u>(247,980)</u>	<u>(234,244)</u>	<u>(300,000)</u>	<u>(65,756)</u>
Net Changes in Fund Balances	-	-	101,652	101,652
Fund Balances at Beginning of Year, as Restated	<u>349,802</u>	<u>349,802</u>	<u>1,843,948</u>	<u>1,494,146</u>
Fund Balances at End of Year	<u>\$ 349,802</u>	<u>\$ 349,802</u>	<u>\$ 1,945,600</u>	<u>\$ 1,595,798</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Federal Sources	\$ 354,544	\$ 365,933	\$ 341,262	\$ (24,671)
Total Revenues	<u>354,544</u>	<u>365,933</u>	<u>341,262</u>	<u>(24,671)</u>
Expenditures				
Current:				
Instruction	354,544	365,933	109,756	256,177
Student Support Services	-	-	85,257	(85,257)
Instruction and Curriculum Development	-	-	146,249	(146,249)
Total Expenditures	<u>354,544</u>	<u>365,933</u>	<u>341,262</u>	<u>24,671</u>
Net Changes in Fund Balances	-	-	-	-
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	FLORIDA RETIREMENT SYSTEM PENSION PLAN					
	2024	2023	2022	2021	2020	2019
Company's Proportion of the Net Pension Liability (Asset)	0.0350%	0.0340%	0.0039%	0.0039%	0.0026%	0.0007%
Company's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,368,596	\$ 1,351,509	\$ 1,441,820	\$ 294,490	\$ 1,122,044	\$ 226,190
Company's Covered-Employee Payroll	\$ 2,687,013	\$ 2,248,220	\$ 2,086,861	\$ 2,008,434	\$ 1,357,659	\$ 367,495
Company's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	50.93%	60.11%	69.09%	14.66%	82.65%	61.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%
	HEALTH INSURANCE SUBSIDY PROGRAM					
	2024	2023	2022	2021	2020	2019
Company's Proportion of the Net Pension Liability (Asset)	0.0063%	0.0057%	0.0057%	0.0057%	0.0039%	0.0011%
Company's Proportionate Share of the Net Pension Liability (Asset)	\$ 946,229	\$ 901,354	\$ 605,297	\$ 695,902	\$ 475,295	\$ 122,947
Company's Covered-Employee Payroll	\$ 2,687,013	\$ 2,248,220	\$ 2,086,861	\$ 2,008,434	\$ 1,357,659	\$ 367,495
Company's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	35.21%	40.09%	29.01%	34.65%	35.01%	33.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%

*The School commenced formal operation on July 1, 2018; therefore, 10 years of data is not yet available.

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
LAST 10 FISCAL YEARS ENDING JUNE 30***

FLORIDA RETIREMENT SYSTEM PENSION PLAN

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 207,347	\$ 200,334	\$ 163,166	\$ 165,354	\$ 148,517	\$ 86,016	\$ 20,365
Contributions in Relation to the Contractually Required Contribution	<u>207,347</u>	<u>200,334</u>	<u>163,166</u>	<u>165,354</u>	<u>148,517</u>	<u>86,016</u>	<u>20,365</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Company's Covered-Employee Payroll	\$ 2,860,950	\$ 2,687,013	\$ 2,248,220	\$ 2,086,861	\$ 2,008,434	\$ 1,357,659	\$ 367,495
Contributions as a Percentage of Covered-Employee Payroll	7.25%	7.46%	7.26%	7.92%	7.39%	6.34%	5.54%

HEALTH INSURANCE SUBSIDY PROGRAM

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 57,219	\$ 53,404	\$ 37,335	\$ 34,580	\$ 33,347	\$ 22,432	\$ 6,102
Contributions in Relation to the Contractually Required Contribution	<u>57,219</u>	<u>53,404</u>	<u>37,335</u>	<u>34,580</u>	<u>33,347</u>	<u>22,432</u>	<u>6,102</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Company's Covered-Employee Payroll	\$ 2,860,950	\$ 2,687,013	\$ 2,248,220	\$ 2,086,861	\$ 2,008,434	\$ 1,357,659	\$ 367,495
Contributions as a Percentage of Covered-Employee Payroll	2.00%	1.99%	1.66%	1.66%	1.66%	1.65%	1.66%

*The School commenced formal operation on July 1, 2018; therefore, 10 years of data is not yet available.

ADDITIONAL INFORMATION

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

To the Board of Trustees of Lake Wales Charter Schools, Inc.
Edward W. Bok Academy North, a Charter School and Component Unit
of the District School Board of Polk County, 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, each major fund and the aggregate remaining fund information of Lake Wales Charter Schools, Inc. – Edward W. Bok Academy North (the School) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Company’s basic financial statements, and have issued our report thereon dated November 28, 2025.

Report on 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 as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described below, that we consider to be a material weakness.

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To the Board of Trustees of Lake Wales Charter Schools, Inc.
Edward W. Bok Academy North, a Charter School and Component Unit
of the District School Board of Polk County, Florida

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

2025-01 Material Audit Adjustments

Condition – During the audit, we noted errors in the School’s prior year financial statements which resulted in adjustments of approximately \$2.5 million to Due from Central Administrative Office and beginning equity. The errors were primarily caused by the following:

- The Company does not have a pooled cash system that automatically posts cash entries when a transaction occurs resulting in the trial balance by location being out of balance. In the prior year, an adjustment was made to increase fund balance rather than reduce cash to balance the fund.
- In the prior year, certain loans to the capital projects funds were reported as transfers from the general fund rather than interfund loans. Beginning equity was restated in the general fund and the capital projects fund to remove the effects of the transfers.

Effect – The prior year financial statements were restated to be properly presented for the current year financial statements.

Recommendation – We recommend that the School implement a pooled cash system to minimize the need for manual entries. We also recommend that the School posts all audit adjustments and reconciles the final trial balance to the audited financial statements.

Report on 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, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

School’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School’s response to the findings identified in our audit and described above. The School’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

To the Board of Trustees of Lake Wales Charter Schools, Inc.
Edward W. Bok Academy North, a Charter School and Component Unit
of the District School Board of Polk County, Florida

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

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 School’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.

Purvis Gray

November 28, 2025
Gainesville, Florida

MANAGEMENT LETTER

To the Board of Trustees of Lake Wales Charter Schools, Inc.
Edward W. Bok Academy North, a Charter School and Component Unit
of the District School Board of Polk County, Florida

Report on the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Wales Charter Schools, Inc. – Edward W. Bok Academy North (the School), a charter school and component unit of the District School Board of Polk County, Florida as of and for the year ended June 30, 2025, and have issued our report thereon dated November 28, 2025.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated November 28, 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. There were no findings or recommendations in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., *Rules of the Auditor General*, requires that 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 of the entity is Lake Wales Charter Schools, Inc. – Edward W. Bok Academy North, and the school code assigned by the Florida Department of Education is 1621.

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.

CERTIFIED PUBLIC ACCOUNTANTS

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purvisgray.com

Members of American and Florida Institutes of Certified Public Accountants

To the Board of Trustees of Lake Wales Charter Schools, Inc.
Edward W. Bok Academy North, a Charter School and Component Unit
of the District School Board of Polk County, Florida

MANAGEMENT LETTER

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website 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 non-compliance with provisions of contracts or grant agreements, or fraud, waste, or 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 note 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 Trustees, applicable management and the District School Board of Polk County, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

Purvis Gray

November 28, 2025
Gainesville, Florida



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Edward W Bok Academy North
Management’s Corrective Action Plan
For the Fiscal Year Ended June 30, 2025

SUPERINTENDENT
Julie Conrad

Finding Number: 2025-01

Planned Corrective Action:

BOARD OF TRUSTEES
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Vice Chair

Corporate Secretary

Dr. Lynn Johnson

Treasurer

Brian Marbutt

Andy Blair

Tonya Stewart

Jaime Winfree

Chief Financial Officer

Alricky Smith, CPA

Superintendent

Executive Assistant

Marie

Cherrington-Gray, MHR

- The Chief Financial Officer (CFO) concurs with the recommendation and will take action during the 2025-26 fiscal year to implement a pooled cash system that ensures all cash transactions are properly recorded within each fund. The accounting team will work with Skyward to determine if automating cash posting can be executed when recording transactions.
- The CFO will implement a procedure to review and post all audit adjustments within 30 days of the release of the audited financial statements, ensuring the final trial balance aligns with the report.
- The CFO agrees with the finding and will record the proper adjustments to reduce cash in the Capital Projects Fund and reduce the fund balance. Also, proper actions will be taken to restate the beginning fund balance within the fund.

Anticipated Completion Date: January 31, 2026

The mission of Lake Wales Charter Schools, Inc. is to bring the best of public education to our community by providing innovation and choice within a continuous pre-school through postsecondary curriculum so that each child recognizes the benefits of life-long learning, constructive citizenship and personal happiness.

The Lake Wales Charter Schools, Inc. is an equal opportunity institution for education and employment.

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