

**LANGUAGE & LITERACY
ACADEMY FOR LEARNING, INC.**

**Basic Financial Statements and
Supplemental Information**

June 30, 2025

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position (Deficit)	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position (Deficit)	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15-33
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	34
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Special Revenue Fund	35
Schedule of Proportionate Share of Net Pension Liability	36
Schedule of Contributions	37
Notes to Required Supplemental Information	38-39
SUPPLEMENTAL 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 <i>GOVERNMENT AUDITING STANDARDS</i>	40-41
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	42-44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	45-46
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	47
MANAGEMENT LETTER	48-49
MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES	50



INDEPENDENT AUDITOR'S REPORT

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

To the Board of Directors of
Language & Literacy Academy for Learning, Inc.
Winter Haven, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Language & Literacy Academy for Learning, Inc. (the "School"), which is a component unit of The 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 and each major fund of the School, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Winter Haven, State of Florida'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.

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

Clearwater, FL 33761
29605 US Hwy 19 North
Phone: 727-785-7460

N. Palm Beach, FL 33408
631 US Highway One
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and pension and retirement information on pages 4 to 8 and 34 to 37 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 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 School's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 30, 2025

Management's Discussion and Analysis

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- The School's overall net position increased by \$464,869.
- Total ending unrestricted net position was a deficit of \$788,337.
- The School had total expenses for the year of \$9,017,677, compared to revenues of \$9,482,546.
- The year ended June 30, 2025, was the School's seventh year of instruction during which the School educated 336 students, serving grades K-12, compared to 342 students for the prior year.
- During fiscal 2025, the School has incurred costs associated with the renovation of a new facility which will be open starting with the 2025-26 academic year.

Overview of the Basic Financial Statements

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements. The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid, net position, the difference between assets and liabilities, can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements. Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains three individual governmental funds, the General Fund, Debt Service Fund, and Special Revenue Fund. These funds are considered to be major funds and, accordingly, they are separately displayed.

Governmental funds. Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

Government-Wide Financial Analysis

As noted earlier, the net position may serve, over time, as a useful indicator of the School's financial position. In the case of the School, the net deficit was \$201,460 at June 30, 2025, compared to a deficit of \$666,329 at June 30, 2024.

Comparison of the condensed statement of net position (deficit) and the statement of activities are provided below:

The School's net position (deficit) at June 30 was as follows:

	Governmental Activities		
	2025	2024	Change
Assets			
Current assets	\$ 1,508,071	\$ 899,747	\$ 608,324
Right of use leased asset	12,679,244	359,156	12,320,088
Capital assets, nondepreciable	177,690	-	177,690
Capital assets, net of accumulated depreciation	409,187	267,529	141,658
Total assets	<u>14,774,192</u>	<u>1,526,432</u>	<u>13,247,760</u>
Deferred outflows			
Related to changes in net position	<u>1,106,620</u>	<u>1,185,141</u>	<u>78,521</u>
Liabilities			
Current liabilities	485,806	327,772	(158,034)
Non-current liabilities	12,856,307	427,161	(12,429,146)
Net pension liability	<u>2,378,386</u>	<u>2,419,297</u>	<u>(40,911)</u>
Total liabilities	<u>15,720,499</u>	<u>3,174,230</u>	<u>(12,628,091)</u>
Deferred inflows			
Related to changes in net position	<u>361,773</u>	<u>203,672</u>	<u>(158,101)</u>
Net position (deficit)			
Investment in capital assets	586,877	267,529	319,348
Unrestricted (deficit)	<u>(788,337)</u>	<u>(933,858)</u>	<u>145,521</u>
Total net position (deficit)	<u>\$ (201,460)</u>	<u>\$ (666,329)</u>	<u>\$ 464,869</u>

Current assets increased by \$608,324 as cash and accounts receivable balances were greater primarily due to timing of outstanding grants and increased funding. Right of use leased assets and liabilities (non-current) each increased by \$12,320,088, as the School entered into a new long-term lease agreement for its new facility. Payments on debts and leases decreased non-current liabilities by \$109,058. Deferred outflows, net pension liability, and deferred inflows all of which pertain to pensions, changed in total by \$195,711 during the year.

The School's changes in net position (deficit) was as follows:

	Governmental Activities		
	2025	2024	Change
Revenues:			
Program revenues:			
Operating grants and contributions			
National School Lunch Program	\$ 213,435	\$ 265,116	\$ (51,681)
Vocational rehabilitation grants	49,010	-	49,010
ESSER	26,427	227,594	(201,167)
Title I	235,963	221,755	14,208
Title II	-	4,786	(4,786)
Capital outlay	209,296	213,755	(4,459)
Capital grants and contributions			
IDEA	407,993	357,122	50,871
Charges for services			
Medicaid	175,418	31,563	143,855
General revenues:			
Florida Education Finance Program	7,590,624	5,905,118	1,685,506
Donations	32,205	27,720	4,485
Other local revenue	542,175	29,622	512,553
Total revenue	<u>9,482,546</u>	<u>7,284,151</u>	<u>2,198,395</u>
Program expenses:			
Instruction	-	72,102	72,102
Exceptional instruction	3,357,231	3,469,096	111,865
Student support services	1,572,738	1,352,089	(220,649)
Staff development	49,763	4,490	(45,273)
Board expenses	2,328	61,037	58,709
General administration	141,623	134,137	(7,486)
General support	1,034,014	577,350	(456,664)
Facility and acquisition	1,076,680	305,537	(771,143)
Fiscal services	84,127	79,469	(4,658)
Food services	305,575	222,140	(83,435)
Central services	128,298	67,300	(60,998)
Transportation	540,797	393,223	(147,574)
Operation of plant	687,505	280,137	(407,368)
Maintenance of plant	30,277	20,972	(9,305)
Interest on long-term debt	6,721	46,832	40,111
Total expenses	<u>9,017,677</u>	<u>7,085,911</u>	<u>(1,931,766)</u>
Changes in net position	464,869	198,240	266,629
Net position (deficit) - beginning	(666,329)	(864,569)	198,240
Net position (deficit) - ending	<u>\$ (201,460)</u>	<u>\$ (666,329)</u>	<u>\$ 464,869</u>

The School's student enrollment decreased from 342 full-time equivalent ("FTE") students for fiscal 2024 to 336 for fiscal 2025. The Florida Education Finance Program ("FEFP") revenues increased due to increase in fund allocation per student and higher ESE level. During fiscal 2025, operating grants and contributions increased due to employee retention credit revenue. Overall, the School's instructional and student support services increased due to increased funding through FEFP which enabled the School to provide additional support to students. Also, transportation increased due to costs associated with three purchased buses.

Governmental Activities. The governmental activities generated \$1,317,542 in program revenues, \$8,165,004 of general revenues, and incurred \$9,017,677 of program expenses. This resulted in a \$464,869 increase in net position.

The School's Individual Funds

General Fund. The fund balance of the General Fund increased by \$450,290, from \$571,975 to \$1,022,265 after transfers in totaling \$1,088,627.

Debt Service Fund. The fund balance of the Debt Service Fund remained the same at \$0 after transfers from the Special Revenue Fund of \$19,619 which means that all debt funds were spent during the year.

Special Revenue Fund. The fund balance of the Special Revenue Fund remained the same at \$0 after transfers to the General Fund and Debt Service Fund of \$1,108,246 which means that all special revenue funds were spent during the year.

Budgetary Highlights

General Fund. Actual revenues were greater than originally budgeted by \$1,824,594. Actual expenditures were greater than originally budgeted expenditures by \$1,705,476 primarily due to the School's additional FTE and expected instruction costs which were higher than originally budgeted. The Board of Directors amends the School's budget throughout the fiscal year to reflect changes in expected revenue, expenditures, and changes in FTE counts. During fiscal 2025, the Board of Directors amended the final budget to actual, therefore, the final budget and actuals are the same. The budgetary information can be found on pages 34 through 35 of this report.

Capital Assets and Debt Administration

Capital Assets. The School's investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$586,877 (net of accumulated depreciation). This investment in capital assets includes furniture, fixtures, and equipment, leasehold improvements, computer hardware and technology, and motor vehicles. Please refer to a note to the accompanying financial statements entitled capital assets and depreciation for more detailed information about the School's capital asset activity.

Debt Administration. During the current year, the School paid down the balances of its motor vehicle loans. Please refer to Note D to the accompanying financial statements entitled long-term liabilities for more detailed information about the School's long-term debt activity.

Economic Factors

In fiscal year 2025, the State of Florida continued to include a teacher salary increase allocation (TSIA) of \$1.25 billion. The capital outlay funding pool ended up at \$230 million. In addition to the TSIA, teachers also received a compensation increase to align overall salaries with district levels.

For fiscal year 2026, the funding for teacher salaries and other instructional personnel will be \$1.35 billion. Additionally, the State of Florida approved an increase to the base funding allocation and capital outlay. A 3% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

Contacting The School's Financial Management

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dr. Callins, Principal, Language & Literacy Academy for Learning, Inc., 50 2nd Street, Winter Haven, FL 33880.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2025

	ASSETS	<u>Governmental Activities</u>
CURRENT ASSETS		
Cash		\$ 1,092,195
Accounts receivable		206,754
Due from other agencies		153,333
Prepaid items		15,531
Deposits		<u>40,258</u>
Total current assets		1,508,071
NONCURRENT ASSETS		
Right of use leased asset		12,679,244
Capital assets, nondepreciable		177,690
Capital assets, net		<u>409,187</u>
Total assets		<u>14,774,192</u>
DEFERRED OUTFLOWS		
Related to changes in the net pension		<u>1,106,620</u>
LIABILITIES AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES		
Accrued payroll		369,322
Accounts payable		<u>116,484</u>
Total current liabilities		485,806
NONCURRENT LIABILITIES		
Due within one year - long term debt		15,327
Due in more than one year - long term debt		39,363
Leased liabilities - due within one year		250,640
Leased liabilities - due in more than one year		12,550,977
Net pension liability		<u>2,378,386</u>
Total liabilities		<u>15,720,499</u>
DEFERRED INFLOWS		
Related to changes in the net pension		<u>361,773</u>
NET POSITION (DEFICIT)		
Investment in capital assets		586,877
Unrestricted		<u>(788,337)</u>
Total net position (deficit)		<u><u>\$ (201,460)</u></u>

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Exceptional instruction	\$ 3,357,231	\$ 175,418	\$ 311,400	\$ -	\$ (2,870,413)
Student support services	1,572,738	-	-	-	(1,572,738)
Staff development	49,763	-	-	-	(49,763)
Board expenses	2,328	-	-	-	(2,328)
General administration	141,623	-	-	-	(141,623)
General support	1,034,014	-	-	407,993	(626,021)
Facility and acquisition	1,076,680	-	-	-	(1,076,680)
Fiscal services	84,127	-	-	-	(84,127)
Food services	305,575	-	213,435	-	(92,140)
Central services	128,298	-	-	-	(128,298)
Transportation	540,797	-	-	-	(540,797)
Operation of plant	687,505	-	209,296	-	(478,209)
Maintenance of plant	30,277	-	-	-	(30,277)
Interest on long-term debt	6,721	-	-	-	(6,721)
Total governmental activities	\$ 9,017,677	\$ 175,418	\$ 734,131	\$ 407,993	(7,700,135)
General revenues:					
					7,590,624
					574,380
					<u>8,165,004</u>
					464,869
					<u>(666,329)</u>
					<u>\$ (201,460)</u>

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 1,092,195	\$ -	\$ -	\$ 1,092,195
Accounts receivable	206,754	-	-	206,754
Due from other agencies	-	-	153,333	153,333
Due from other funds	153,333	-	-	153,333
Prepaid expenses	15,531	-	-	15,531
Deposits	40,258	-	-	40,258
Total assets	<u>1,508,071</u>	<u>-</u>	<u>153,333</u>	<u>1,661,404</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued payroll	\$ 369,322	\$ -	\$ -	\$ 369,322
Accounts payable	116,484	-	-	116,484
Due to other funds	-	-	153,333	153,333
Total liabilities	<u>485,806</u>	<u>-</u>	<u>153,333</u>	<u>639,139</u>
FUND BALANCES				
Nonspendable				
Prepaid expenditures	15,531	-	-	15,531
Deposits	40,258	-	-	40,258
Unassigned	966,476	-	-	966,476
Total fund balances	<u>1,022,265</u>	<u>-</u>	<u>-</u>	<u>1,022,265</u>
Total liabilities and fund balances	<u>\$ 1,508,071</u>	<u>\$ -</u>	<u>\$ 153,333</u>	<u>\$ 1,661,404</u>

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2025

Fund balances - total governmental funds		\$ 1,022,265
The net position reported for governmental activities in the statement of net position is different because:		
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
		12,679,244
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Construction in progress	177,690	
Furniture, fixtures, and equipment, net of \$126,256 of accumulated depreciation	157,040	
Leasehold improvements, net of \$3,695 of accumulated depreciation	40,640	
Computer hardware and technology, net of \$107,991 of accumulated depreciation	31,855	
Motor vehicles, net of \$36,639 of accumulated depreciation	<u>179,652</u>	
Total capital assets		586,877
Long-term debt are not due and payable in the current period and, therefore, not reported in the funds.		(54,690)
Leased liabilities		(12,801,617)
Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(1,633,539)</u>
Total net position (deficit) of governmental activities		<u><u>\$ (201,460)</u></u>

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

Year Ended June 30, 2025

	General Fund	Debt Service Fund	Special Revenue Fund	Total Governmental Funds
Revenues				
Federal passed through state				
National School Lunch Program	\$ -	\$ -	\$ 213,435	\$ 213,435
Vocational rehabilitation grants	-	-	49,010	49,010
ESSER	-	-	26,427	26,427
Title I	-	-	235,963	235,963
Medicaid	-	-	175,418	175,418
IDEA	-	-	407,993	407,993
State passed through local school district				
Florida Education Finance Program	7,590,624	-	-	7,590,624
Capital outlay	209,296	-	-	209,296
Local revenue				
Donations	32,205	-	-	32,205
Other local revenues	542,175	-	-	542,175
Total revenues	8,374,300	-	1,108,246	9,482,546
Expenditures				
Current:				
Exceptional instruction	3,140,668	-	-	3,140,668
Student support services	1,572,738	-	-	1,572,738
Scaff development	49,763	-	-	49,763
Board expenses	2,328	-	-	2,328
General administration	141,623	-	-	141,623
General support	1,193,554	-	-	1,193,554
Facility and acquisition	818,239	-	-	818,239
Fiscal services	84,127	-	-	84,127
Food services	305,575	-	-	305,575
Central services	128,298	-	-	128,298
Transportation	520,917	-	-	520,917
Operation of plant	802,505	-	-	802,505
Maintenance of plant	252,302	-	-	252,302
Debt service:				
Principal	-	12,898	-	12,898
Interest	-	6,721	-	6,721
Total expenditures	9,012,637	19,619	-	9,032,256
Excess (deficiency) of revenues over (under) expenditures	(638,337)	(19,619)	1,108,246	450,290
Other financing sources (uses):				
Transfer in	1,088,627	19,619	-	1,108,246
Transfer out	-	-	(1,108,246)	(1,108,246)
Total other financing sources (uses)	1,088,627	19,619	(1,108,246)	-
Net change in fund balances	450,290	-	-	450,290
Fund balances at July 1, 2024	571,975	-	-	571,975
Fund balances at June 30, 2025	\$ 1,022,265	\$ -	\$ -	\$ 1,022,265

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2025

Net change in fund balances - total government funds	\$	450,290
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report fixed 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.		
Current year expenditures for capital assets	520,733	
Current year loss on disposal of capital assets	(132,373)	
Current year depreciation expense	<u>(69,012)</u>	
Total capital assets		319,348
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments on long-term debt		12,898
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:		
Net pension	40,911	
Deferred inflows related to net pension	(158,101)	
Deferred outflows related to net pension	(78,521)	
Right-of-use amortization	(122,373)	
Other	<u>417</u>	
		<u>(317,667)</u>
Change in net position of governmental activities	\$	<u><u>464,869</u></u>

The accompanying notes are an integral part of these financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

Language & Literacy Academy for Learning, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation began conducting business as Language & Literacy Academy for Learning, Inc. (the "School") in December 2017. The governing body of the School is the not-for-profit corporation's Board of Directors.

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 School Board of Polk County, Florida (the "District"). The current charter is effective until June 30, 2028, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

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 Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. 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.

2. Government-wide financial statements

The government-wide financial statements (the Statement of Net Position (Deficit) and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities. Any internal activity has been eliminated from the government-wide financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

2. Government-wide financial statements (continued)

The Statement of Net Position (Deficit) reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, other items not properly included among program revenues are reported instead as general revenues.

3. Fund financial statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds. The following funds are used by the School:

GOVERNMENTAL FUNDS

General Fund - The general fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Debt Service Fund - The debt service fund is used to account for the resources accumulated and payments made for principal and interest on the debt.

Special Revenue Fund - The special revenue fund is used to account for financial resources associated with grants that are restricted to operational uses – i.e., National School Lunch Program, Vocational rehabilitation grants, IDEA funds, Title I, ESSER, Medicaid, etc.

In the accompanying fund financial statements, the general fund, debt service fund, and special revenue fund are considered to be major funds and, therefore, are separately displayed.

4. Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

4. Measurement focus and basis of accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other items are considered to be measurable and available only when cash is received.

5. Cash

Cash consists of checking accounts held at financial institutions. The School has no cash equivalents.

6. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid assets are reported as "non-spendable" in the funds financial statements to indicate that prepaid items do not represent available expendable resources.

7. Capital assets and depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$750 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures and equipment	5
Leasehold improvements	5
Computer hardware and technology	5
Motor vehicles	10

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

8. Leases

The School is a lessee for a building lease. The School recognizes a lease liability and an intangible right-to-use lease asset (lease-asset) in the government-wide financial statements. At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the useful life.

9. Revenue sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of FTE students and related data to the District. Under the provisions of Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted FTE students reported by the School during the designated full-time equivalent student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

10. Long-term liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

11. Net position

Net position represents the difference between assets and liabilities and is reported in three categories as hereafter described. *Net investment in capital assets*, represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net position is reported as *restricted* when there are legal limitations imposed on its use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net position is net position that does not meet the definition of the classifications previously described. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

12. Fund equity

Governmental funds report separate classifications of fund balance.

Non-Spendable: The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

Assigned: Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Principal. Assigned fund balance includes spendable fund balance amounts established by the Principal that are intended to be used for specific purposes that are neither considered restricted or committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Principal. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

Unassigned: Unassigned fund balance is the residual classification for the general fund.

It is the policy of the School to use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed, the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

13. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make various estimates. Actual results could differ from those estimates.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

14. Transfers

The purpose of interfund transfers is to cover receipts and payments made from the general fund on behalf of the other funds.

15. Pensions

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

16. Deferred outflows/inflows of resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources, represents an acquisition of net position that applies to a future period.

17. Income taxes

Language and Literacy Academy for Learning Inc. is a charter school, which qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Management has analyzed the School's various federal and state filing positions, including those pertaining to charter academy contracts and tax-exempt status, and believes that its income tax filing positions and deductions are well documented and supported, and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The School remains subject to the examination by the Internal Revenue Service for the three years prior to June 30, 2025.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

18. Implemented GASB pronouncements

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB 101 increased the usefulness of governments' financial statements by requiring recognition of liabilities for compensated absences that previously were not recognized as an obligation of the government. It established a criteria for the recognition and measurement of the government. The provisions of GASB 101 were implemented in the year ended June 30, 2025. The adoption of this standard had no significant impact on the School's financial statements.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB 102 enhanced transparency by requiring disclosures about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration refers to a lack of diversity in significant inflows or outflows of resources, while a constraint is a limitation imposed by external parties or formal action of the government's highest decision-making authority. The Statement required disclosure when such conditions make the government vulnerable to a substantial impact and when related events have occurred, begun to occur, or are more likely than not to occur within 12 months of the issuance of the financial statements. The provisions of GASB 102 were implemented in the year ended June 30, 2025. The adoption of this standard had no significant impact on the School's financial statements.

19. New GASB pronouncements

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. GASB 103 aims to enhance the effectiveness of the financial reporting model by improving key components such as Management's Discussion and Analysis (MD&A), the presentation of proprietary fund statements, and the reporting of unusual or infrequent items. It also introduces standardized definitions for operating and nonoperating revenues and expenses, and requires separate presentation of major component units and budgetary comparison information as required supplementary information (RSI). The provisions of GASB 103 are effective for fiscal years beginning after June 15, 2025, and will be implemented in the year ended June 30, 2026. The School is evaluating the effect of this new standard on its financial statements.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

**NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)**

19. New GASB pronouncements (continued)

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB 104 enhances transparency by requiring separate disclosures of specific types of capital assets in the notes to financial statements. These include lease assets (GASB 87), intangible right-to-use assets (GASB 94), subscription-based IT assets (GASB 96), and other intangible assets, all disclosed by major class. Additionally, GASB 104 introduces disclosure requirements for capital assets held for sale - defined as assets the government has decided to sell and for which it is probable the sale will be finalized within one year of the financial statement date. Governments must disclose the historical cost, accumulated depreciation, and any related debt for which such assets are pledged as collateral. The provisions of GASB 104 are effective for fiscal years beginning after June 15, 2025, and will be implemented in the year ended June 30, 2026. The School is evaluating the effect of this new standard on its financial statements.

NOTE B - CAPITAL ASSETS AND DEPRECIATION

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

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025
Capital assets, not depreciated:				
Construction in progress				
Improvements other than buildings	\$ -	\$ 177,690	\$ -	\$ 177,690
Capital assets depreciated:				
Furniture, fixtures, and equipment	123,788	159,508	-	283,296
Leasehold improvements	480,235	44,335	(480,235)	44,335
Computer hardware and technology	115,646	24,200	-	139,846
Motor vehicles	101,291	115,000	-	216,291
Total assets depreciated	<u>820,960</u>	<u>343,043</u>	<u>(480,235)</u>	<u>683,768</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	101,723	24,533	-	126,256
Leasehold improvements	347,862	3,695	(347,862)	3,695
Computer hardware and technology	85,962	22,029	-	107,991
Motor vehicles	17,884	18,755	-	36,639
Total accumulated depreciation	<u>553,431</u>	<u>\$ 69,012</u>	<u>\$ (347,862)</u>	<u>274,581</u>
Total governmental activities capital assets, net	<u>\$ 267,529</u>			<u>\$ 586,877</u>

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B - CAPITAL ASSETS AND DEPRECIATION (continued)

Depreciation expense for 2025 included in the Statement of Activities is as follows:

Facility and acquisition	\$ 3,695
Exception instruction	45,052
Transportation	19,880
General support	<u>385</u>
Total governmental activities depreciation expense	<u><u>\$ 69,012</u></u>

NOTE C – CONCENTRATIONS

Revenue sources

As stated in Note A-9, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

The administration fee paid to the District during the year ended June 30, 2025, totaled \$141,623.

<u>Source</u>	<u>Amount</u>
School Board of Polk County, Florida:	
FEFP	\$ 4,913,244
ESE guarantee allocation	992,367
Supplemental academic instruction	84,510
Safe schools	29,931
Discretionary local effort	357,180
Discretionary millage	137,615
Student transportation	277,154
Class size reduction	852,018
Educational Enrollment Stabilization Program	8,935
Prior year adjustments	(62,330)
Federal passed through state	
National School Lunch Program	213,435
Vocational Rehabilitation Grants	49,010
IDEA funds	407,993
Medicaid	175,418
ESSER III	26,427
Title I	235,963
Capital outlay	209,296
Total passed through The School Board of Polk County, Florida	8,908,166
Local revenue	
Employee retention credit	471,892
Donations	32,205
Other local revenues	<u>70,283</u>
Total general revenues	<u><u>\$ 9,482,546</u></u>

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE D - LONG-TERM LIABILITIES

The School entered into various loan agreements during the year ended June 30, 2025. The following is a summary of changes:

	<u>Long-term obligations at July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Long-term obligations at June 30, 2025</u>	<u>Due within one year</u>
Note - Vehicle #1	\$ 23,129	\$ -	\$ (5,379)	\$ 17,750	\$ 5,985
Note - Vehicle #2	44,459	-	(7,519)	36,940	9,342
	<u>\$ 67,588</u>	<u>\$ -</u>	<u>\$ (12,898)</u>	<u>\$ 54,690</u>	<u>\$ 15,327</u>

Note Payable – Vehicle #1

On March 18, 2022, the School entered into a six-year note payable for \$35,449 for the purchase of a motor vehicle. Monthly principal and interest payments total \$522 through April 2028. During 2025, payments for interest totaled \$388.

Note Payable – Vehicle #2

On September 20, 2022, the School entered into a six-year note payable for \$55,842 for the purchase of a motor vehicle. Monthly principal and interest payments total \$1,113 through October 2028. During 2025, payments for interest totaled \$5,112.

Future maturities of the notes payable as of June 30, are as follows:

2026	\$ 15,327
2027	16,683
2028	17,654
2029	5,026
	<u>\$ 54,690</u>

NOTE E - OPERATING LEASE

Main Campus

In July 2018, the School entered into an operating lease agreement for its main campus with an unrelated party that expired in June 2021 and was subsequently renewed through October 2023. Minimum monthly lease payments included \$15,500 plus utilities and applicable sales and use tax, for the life of the agreement. Effective March 2023, the monthly lease payment amount was changed to \$13,000 and renewed through June 30, 2024, with no renewal options. The lease was not renewed.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE E - OPERATING LEASE (continued)

Main Campus

Upon expiration of the School's leased main campus, the School executed two additional lease agreements in July 2024 with unrelated parties for a temporary School campus. The lease agreements were cancelable and were for periods of less than twelve months. Monthly lease payments on short term leases include total monthly costs of \$9,500.

Beginning in July 2023, the School began working with Grow Schools to obtain and renovate a new main campus in Winter Haven, Florida under a new lease agreement. The lease term would be for 20 years and includes four, five-year renewal options. Monthly rent costs would include base rent of \$9,700 plus final acquisition costs times eight percent.

The Grow Schools lease was amended two times to amend payment terms including \$66,221 paid monthly, seven months of abated rent, a tenant improvement allowance, and a 5% project management fee paid to the School for managing construction efforts. The term runs from the landlord's acquisition of the property through June 30, 2044, with four five-year renewal options. Monthly rent increases 3% per year.

Administrative Office

In June 2024, the School executed a five-year lease agreement for an administrative office. The lease includes monthly payments of \$5,735 with annual 4% increases in base rent.

Modular Classrooms

In October 2020, the School entered into a lease agreement for three modular classroom buildings for student instruction with an unrelated party that expires September 2025. Monthly lease payments of \$4,163 include rent and property tax.

Technology Equipment

During 2024, the School entered into three lease agreements for technology equipment with terms from 36 to 63 months. Monthly lease payments range from \$129 to \$1,270.

Lease expense for the year ended June 30, 2025 totaled \$741,438, which is included in facility and acquisition of the accompanying financial statements.

The School, as the lessee, is recognizing a lease asset of \$12,679,244 and lease liability of - \$12,801,617 for the present value of lease obligations as of June 30, 2025. The difference between right of use leased asset and leased liabilities includes escalating lease payments. The discount rates used to recognize the right of use asset and lease liability ranged between 1.90% and 6.89%.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE E - OPERATING LEASE (continued)

Main Campus

Future minimum lease payments and the present value of the minimum lease payments as of June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 250,640	\$ 663,200	\$ 913,840
2027	288,541	648,179	936,720
2028	330,786	630,879	961,665
2029	372,491	611,116	983,607
2030	334,227	591,960	926,187
Thereafter	<u>11,224,932</u>	<u>4,987,490</u>	<u>16,212,422</u>
	<u>\$ 12,801,617</u>	<u>\$ 8,132,824</u>	<u>\$ 20,934,441</u>

NOTE F - CASH

Cash is made up of deposits and cash on hand totaling \$1,100,785 at June 30, 2025. The School's deposits must be placed with a financial institution designated by the Treasurer of the State of Florida as a "qualified public depository," as defined in Chapter 280, Florida Statutes. The School deposits are held with a qualified depository and are covered by the collateral pool as the School has identified itself as a public entity. As of June 30, 2025, \$850,785 of the School's balances held were exposed to custodial credit risk.

NOTE G - EMPLOYEE RETIREMENT SYSTEMS

General Information about the Pension Plan – Plan Description and Administration

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

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

General Information about the Pension Plan – Plan Description and Administration (continued)

In addition, all regular employees of the School are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs.

For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45, and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided and Employees Covered

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

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

Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

Benefits Provided and Employees Covered (continued)

During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

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

Financial Statements

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

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

Contributions

The School participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at July 1, 2025, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate</u>
Regular Class	3.00%	14.03%
Senior Management	3.00%	33.24%
DROP Employees	0.00%	22.02%

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

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

Actual contributions made for School employees participating in FRS and HIS for the plan year ended June 30, 2025, were as follows:

School Contributions - FRS	\$ 230,290
School Contributions - HIS	\$ 65,298
Employee Contributions - FRS	\$ 97,371

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

Plan	Net Pension Liability
FRS	\$ 1,403,111
HIS	975,275
Total	<u>\$ 2,378,386</u>

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

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

At June 30, 2025, the School's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	Share
FRS	0.003627044%
HIS	0.006501411%

For the plan year ended June 30, 2025, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ 349,533
HIS	141,767
Total	<u>\$ 491,300</u>

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

Deferred outflows/inflows related to pensions:

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

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 141,752	-	\$ 9,417	\$ (1,873)
Changes of assumptions	192,309	-	17,260	(115,460)
Net difference between projected and actual investment earnings	-	(93,258)	-	(353)
Change in proportionate share	117,670	(60,896)	332,624	(89,933)
Contributions subsequent to measurement date	230,290	-	65,298	-
	<u>\$ 682,021</u>	<u>\$ (154,154)</u>	<u>\$ 424,599</u>	<u>\$ (207,619)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Fiscal Years ending June 30,	FRS	HIS
2026	\$ 78,122	\$ 87,288
2027	220,091	58,656
2028	2,844	(3,847)
2029	(12,287)	(5,278)
2030	8,807	10,452
Thereafter	-	4,411
Total	<u>\$ 297,577</u>	<u>\$ 151,682</u>

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

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

Actuarial assumptions:

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

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% as of June 30, 2024, was used to determine the total pension for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the PUB-2010 base table with projected generationally with Scale MP-2021.

Long-term expected rate of return:

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

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE G - EMPLOYEE RETIREMENT SYSTEMS (continued)

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

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

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

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

Plan	Current Discount Rate	NPL with 1% Decrease	NPL at Current Discount Rate	NPL with 1% Increase
FRS	6.70%	\$ 2,468,023	\$ 1,403,111	\$ 511,021
HIS	3.93%	\$ 1,110,225	\$ 975,275	\$ 863,245

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE H - EMPLOYEE RETENTION CREDIT

Under the provision of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, the School was eligible for refundable employee retention tax credit subject to certain criteria. The School recognized \$471,892 of employee retention credits (ERC) during the year ended June 30, 2025, which is reflected in the statement of activities as local revenue. Accounts receivable at June 30, 2025 included \$206,754 of ERC credits not yet received.

NOTE I - SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 30, 2025, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND**

Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
State passed through local school district				
Florida Education Finance Program	\$ 6,143,111	\$ 7,590,624	\$ 7,590,624	\$ -
Capital outlay	226,345	209,296	209,296	-
Local revenue				
Donations	180,000	32,205	32,205	-
Other local revenues	250	542,175	542,175	-
Total revenues	6,549,706	8,374,300	8,374,300	-
Expenditures				
Current:				
Exceptional instruction	3,311,129	3,140,668	3,140,668	-
Student support services	1,370,526	1,572,738	1,572,738	-
Staff development	10,000	49,763	49,763	-
Classroom costs	-	-	-	-
Board expenses	2,500	2,328	2,328	-
General administration	-	141,623	141,623	-
General support	894,954	1,193,554	1,193,554	-
Facility and acquisition	459,000	818,239	818,239	-
Fiscal services	80,000	84,127	84,127	-
Food services	294,906	305,575	305,575	-
Central services	65,000	128,298	128,298	-
Transportation	381,854	520,917	520,917	-
Operation of plant	421,292	802,505	802,505	-
Maintenance of plant	16,000	252,302	252,302	-
Total expenditures	7,307,161	9,012,637	9,012,637	-
Excess (deficiency) of revenues over (under) expenditures	(757,455)	(638,337)	(638,337)	-
Other financing sources (uses):				
Transfers	-	1,088,627	1,088,627	-
Total other financing sources (uses)	-	1,088,627	1,088,627	-
Net change in fund balance	(757,455)	450,290	450,290	-
Fund balance at July 1, 2024	571,975	571,975	571,975	-
Fund balance (deficit) at June 30, 2025	\$ (185,480)	\$ 1,022,265	\$ 1,022,265	\$ -

See note to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND**

Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Federal passed through state				
National School Lunch Program	\$ 220,000	\$ 213,435	\$ 213,435	\$ -
Vocational rehabilitation grants	-	49,010	49,010	-
Grants	-	26,427	26,427	-
Title I	114,524	235,963	235,963	-
Title II	7,000	-	-	-
Medicaid	150,000	175,418	175,418	-
IDEA	366,432	407,993	407,993	-
Total revenues	857,956	1,108,246	1,108,246	-
Expenditures				
Exceptional instruction	-	-	-	-
Food services	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	857,956	1,108,246	1,108,246	-
Other financing sources (uses):				
Transfers	-	(1,108,246)	(1,108,246)	-
Total other financing sources (uses)	-	(1,108,246)	(1,108,246)	-
Net change in fund balance	857,956	-	-	-
Fund balance at July 1, 2024	-	-	-	-
Fund balance at June 30, 2025	\$ 857,956	\$ -	\$ -	\$ -

See note to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
LAST 10 FISCAL YEARS AS OF JUNE 30

	2025	2024	2023	2022	2021	2020
Florida Retirement System (FRS)						
Proportion of the net pension liability	0.003627044%	0.003844242%	0.003846493%	0.003881624%	0.003795843%	0.001440509%
Proportionate share of the net pension liability (asset)	\$ 1,403,111	\$ 1,531,809	\$ 1,431,205	\$ 293,213	\$ 1,645,174	\$ 496,091
Covered-employee payroll	\$ 3,274,789	\$ 2,753,832	\$ 2,213,915	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.85%	55.62%	64.65%	12.88%	76.03%	19.87%
Plan fiduciary net position as a percentage of the total pension liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%
Health Insurance Subsidy Program (HIS)						
Proportion of the net pension liability	0.006501411%	0.005588246%	0.006246550%	0.006105463%	0.007044213%	0.002184023%
Proportionate share of the net pension liability (asset)	\$ 975,275	\$ 887,488	\$ 661,609	\$ 748,927	\$ 859,833	\$ 244,370
Covered-employee payroll	\$ 3,274,789	\$ 2,753,832	\$ 2,213,915	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.78%	32.23%	29.88%	32.90%	39.74%	9.79%
Plan fiduciary net position as a percentage of the total pension liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%

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

See notes to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

SCHEDULE OF CONTRIBUTIONS -
LAST 10 FISCAL YEAR AS OF JUNE 30

	2025	2024	2023	2022	2021	2020
Florida Retirement System (FRS)						
Contractually required contribution	\$ 230,290	\$ 205,386	\$ 184,933	\$ 164,137	\$ 147,873	\$ 126,119
Contributions in relation to the contractually required contribution	(230,290)	(205,386)	(184,933)	(164,137)	(147,873)	(126,119)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 3,274,789	\$ 2,753,832	\$ 2,213,915	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Contributions as a percentage of covered-employee payroll	7.03%	7.46%	8.35%	7.21%	6.83%	5.05%
Health Insurance Subsidy (HIS)						
Contractually required contribution	\$ 65,298	\$ 55,043	\$ 36,760	\$ 37,797	\$ 35,888	\$ 40,581
Contributions in relation to the contractually required contribution	(65,298)	(55,043)	(36,760)	(37,797)	(35,888)	(40,581)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 3,274,789	\$ 2,753,832	\$ 2,213,915	\$ 2,276,426	\$ 2,163,717	\$ 2,496,403
Contributions as a percentage of covered-employee payroll	1.99%	2.00%	1.66%	1.66%	1.66%	1.63%

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

See notes to required supplemental information.

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2025

NOTE A - BUDGETARY INFORMATION

Budgetary basis of accounting

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

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

NOTE B - PENSIONS SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – FRS PENSION PLAN

The Florida Retirement System Actuarial Assumptions Conference performs an annual review of the actuarial assumptions for the FRS Pension Plan. The most recent study for the FRS Pension Plan was completed in 2024 for the period of July 1, 2018 through June 30, 2023. There were no changes in the Pension Plan benefit terms. The following were changes in actuarial assumptions in 2024:

- The inflation rate assumption remained the same at 2.4 percent.
- Payroll growth, including inflation, increased to 3.5 percent.
- The long-term expected rate of return remained the same at 6.7 percent.

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at: https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

A summary of key changes implemented since the latest valuation are described in the Florida Department of Management Services, Actuarial Valuations at: https://www.dms.myflorida.com/workforce_operations/retirement/publications/actuarial_valuations

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2025

NOTE C - PENSIONS SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – HIS PENSION PLAN

The Florida Retirement System Actuarial Assumptions Conference performs an annual review of the actuarial assumptions for the FRS Pension Plan. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent study for the FRS Pension Plan was completed in 2024 for the period of July 1, 2018 through June 30, 2023. There were no changes in the HIS Program benefit terms. The following were changes in actuarial assumptions in 2024:

- The inflation rate assumption remained the same at 2.4 percent.
- Payroll growth, including inflation, increased to 3.5 percent.
- The long-term expected rate of return remained the same at 6.7 percent.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% as of June 30, 2024 was used to determine the total pension liability for the program.

A summary of key changes in plan provisions are described in the Florida Department of Management Services, GASB 68 Reporting Information, which can be found at: https://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

A summary of key changes implemented since the latest valuation are described in the Florida Department of Management Services, Actuarial Valuations at: https://www.dms.myflorida.com/workforce_operations/retirement/publications/actuarial_valuations

SUPPLEMENTAL 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

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

To the Board of Directors of
Language & Literacy Academy for Learning, Inc.
Winter Haven, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Language & Literacy Academy for Learning, Inc. (the "School"), which is a component unit of The 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, and have issued our report thereon dated September 30, 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School'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 entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

Clearwater, FL 33761
29605 US Hwy 19 North
Phone: 727-785-7460

N. Palm Beach, FL 33408
631 US Highway One
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 30, 2025



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

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

To the Board of Directors of
Language & Literacy Academy for Learning, Inc.
Winter Haven, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Language & Literacy Academy for Learning, Inc.’s (the “School”), which is a component unit of The School Board of Polk County, Florida, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2025. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

Clearwater, FL 33761
29605 US Hwy 19 North
Phone: 727-785-7460

N. Palm Beach, FL 33408
631 US Highway One
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Report on Internal Control over Compliance (continued)

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 30, 2025

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS

June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 5. Auditee qualified as a low-risk auditee? | Yes |

Identification of major programs:

<u>Name of Federal Programs</u>	<u>ALN</u>
Title I Grants to Local Educational Agencies	84.010A

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS

June 30, 2025

Section II – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section III – Federal Findings and Questioned Costs

None (there are no items related to Federal Programs required to be reported in the management letter, therefore no management letter issued)

Section IV – Status of Prior Year Audit Findings

None reported (no corrective action plan or management letter required)

LANGUAGE & LITERACY ACADEMY FOR LEARNING, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2025

<u>Grantor/Program Title</u>	<u>ALN</u>	<u>Award Number</u>	<u>Expenditures</u>
Federal Awards:			
U.S. Department of Agriculture:			
<i>Passed through Florida Department of Agriculture and Consumer Services</i>			
National School Lunch Program	10.555	25586	\$ 213,435
Total Child Nutrition Cluster			<u>213,435</u>
U.S. Department of Education:			
<i>Passed through Florida Department of Education and School Board of Polk County, Florida</i>			
Title I Grants to Local Educational Agencies	84.010A	n/a	235,963
American Rescue Plan - Elementary and Secondary Fund	COVID-19, 84.425U	530-1211K-2C001 530-1211A-2C001	26,427
Special Education - Grants to States (IDEA, Part B)	84.027	n/a	407,993
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	n/a	<u>49,010</u>
Total passed through Florida Department of Education			<u>719,393</u>
U.S. Department of Health			
<i>Passed through Florida Department of Health and Human Services</i>			
Medical Assistance Program (Medicaid; Title XIX)	93.778	n/a	<u>175,418</u>
Total passed through Florida Department of Health and Human Services			<u>175,418</u>
Total Expenditures of Federal Awards			<u>\$ 1,108,246</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Indirect Cost Rates

The School has elected to not use the 10% de minimis indirect cost rate for its federal programs for the year ended June 30, 2025. The indirect cost rates used on the School's federal programs are determined by the relevant federal agency.

See independent auditor's report.



MANAGEMENT LETTER

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

To the Board of Directors of
Language & Literacy Academy for Learning, Inc.
Winter Haven, Florida

Report on the Financial Statements

We have audited the financial statements of Language & Literacy Academy for Learning, Inc. (the "School"), which is a component unit of The School Board of Polk County, Florida, as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated September 30, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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 the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 30, 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. In connection with our audit, the School did not have prior year findings.

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 and the school code assigned by the Florida Department of Education of the entity is *Language & Literacy Academy for Learning, Inc. (8008)*.

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

Clearwater, FL 33761
29605 US Hwy 19 North
Phone: 727-785-7460

N. Palm Beach, FL 33408
631 US Highway One
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

Financial Condition and Management

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

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

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

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that have occurred or are likely to have occurred, that has 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, Board of Directors, 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 30, 2025

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

For the year ended June 30, 2025, there were no management findings, recommendations or responses.