

THE LEARNING ACADEMY, INC.

**Basic Financial Statements and
Supplemental Information**

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
The Learning Academy, Inc.
Milton, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund of The Learning Academy, Inc. (the "School"), a component unit of the Santa Rosa County School District, Florida (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2025, and the respective changes in financial position 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.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the School will continue as a going concern. As discussed in Note I to the financial statements, the School ceased operations on June 30, 2025 as it did not have enough students to receive funds to make required lease payments and to cover operating expenses, and the School was closed. Management's evaluation of the events and conditions regarding those matters are also described in Note I. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 28-30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 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
August 29, 2025

Management's Discussion and Analysis

As management of The Learning Academy, Inc. (the "School"), which is a component unit of the Santa Rosa County School District, Florida, (the "District") we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2025 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial position, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Since the information contained in the Management's Discussion and Analysis ("MD&A") is intended to highlight significant transactions, event, and conditions, it should be considered in conjunction with the basic financial statements, as listed in the table of contents.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$999,152.
- The School's total net position decreased by \$321,885.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$115,358.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$115,358.
- The School ceased operations on June 30, 2025, citing declining enrollment, teacher shortages and challenges with finding certified teachers, continuing unfunded/underfunded mandates, and is under contract to sell the building. See Note I to the financial statements for more information.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the School that are principally supported by District, State, and Federal funding (governmental activities). Basic instruction, exceptional instruction, and school administration are examples of the School's governmental activities.

The government-wide financial statements include only the School itself, which is a component unit of the District. The District includes the operation of the School as a component unit in their operations.

The governmental-wide financial statements can be found listed on the table of contents of this report.

Fund Financial Statements. A fund is a collection of related accounts grouped together to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

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

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

The School maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The general fund and capital outlay fund are considered to be major funds. The basic governmental fund financial statements can be found listed on the table of contents of this report. The School adopts an annual appropriated budget for its entire operations. Budgetary comparison schedules and notes to these schedules have been provided to demonstrate compliance with this budget and can be found listed in the table of contents in this report.

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a School's financial position. In the case of the School, for the years ended June 30, 2025 and 2024, assets exceeded liabilities by \$999,152 and \$1,321,037, respectively.

A significant portion of the School's net position reflects its net investment in capital assets (e.g., land, buildings, improvements other than buildings, computer software, furniture, fixtures and equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The investment in capital assets, net of related debt totaled \$883,794 at June 30, 2025.

Comparison of the condensed statements of net position and the statement of activities are provided below:

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
ASSETS			
Current assets	\$ 123,937	\$ 499,871	\$ (375,934)
Noncurrent assets	1,264,110	1,321,827	(57,717)
Total assets	<u>1,388,047</u>	<u>1,821,698</u>	<u>(433,651)</u>
LIABILITIES			
Current liabilities	117,124	112,979	4,145
Long-term liabilities	271,771	387,682	(115,911)
Total liabilities	<u>388,895</u>	<u>500,661</u>	<u>(111,766)</u>
NET POSITION			
Net investment in capital assets	883,794	828,271	55,523
Unrestricted	115,358	492,766	(377,408)
Total net position	<u>\$ 999,152</u>	<u>\$ 1,321,037</u>	<u>\$ (321,885)</u>

The School closed on June 30, 2025. Current assets decreased due to less cash received due to the decrease in the number of students. Noncurrent assets decreased mostly due to new additions offset by current year depreciation. Total liabilities decreased due to payments of current year principal for outstanding debt.

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Revenues			
Program revenues			
Operating grants and contributions	\$ 19,175	\$ 48,320	\$ (29,145)
Capital grants and contributions	43,149	58,904	(15,755)
General revenues			
Florida education finance program	522,458	838,716	(316,258)
Federal impact aid	181,066	155,090	25,976
Other revenues	16,792	22,612	(5,820)
Total revenues	<u>\$ 782,640</u>	<u>\$ 1,123,642</u>	<u>\$ (341,002)</u>
Expenses			
Basic instruction	\$ 445,113	\$ 447,480	\$ 2,367
Media services	21,250	32,723	11,473
Board of directors	6,850	13,675	6,825
School administration	155,382	214,621	59,239
Facilities	-	983	983
Fiscal services	90,242	81,706	(8,536)
Food services	-	21,456	21,456
Staff services	74,449	69,948	(4,501)
Transportation	122,585	70,336	(52,249)
Operation of plant	164,624	172,960	8,336
Debt service	24,030	25,818	1,788
Total expenses	<u>1,104,525</u>	<u>1,151,706</u>	<u>47,181</u>
Change in net position	(321,885)	(28,064)	(293,821)
Net position - beginning	1,321,037	1,349,101	(28,064)
Net position - ending	<u>\$ 999,152</u>	<u>\$ 1,321,037</u>	<u>\$ (321,885)</u>

In the current year, revenues decreased due to the decrease in student enrollment. Federal impact aid increased mainly due to the increase in Safe Schools funding. Media services decreased due to buying less software subscriptions. School administration decreased due to shift in the areas where staff were working. Transportation increased mostly due to increase of salaries and repair and maintenance. Operation of plant decreased due to fewer repairs needed for the school.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the School's governmental funds is to provide information on assessing the School's financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year.

As for the current fiscal year, the School's governmental funds reported a combined ending fund balance of \$115,358.

The general fund is the main operating fund of the School. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$115,358.

During the current fiscal year, the fund balance of the School's general fund decreased by \$377,408.

General Fund Budgetary Highlights

Actual general fund revenues and expenditures were equal to the final budget as the final budget was amended to match the actual results of the School.

The budgetary information can be found on pages 27 to 29 in this report.

Capital Asset and Debt Administration

Capital Assets. The School's net investment in capital assets for its governmental type activities as of June 30, 2025 amounts to \$883,794. This investment in capital assets includes land, buildings, improvements other than buildings, and furniture, fixtures and equipment, net of related debt. Additional information on the School's capital assets can be found at Note C.

Debt Administration. As of June 30, 2025, the School had outstanding debt of \$380,099. The School is in the process of selling their buildings and the buyer will assume the debt.

Economic Factor. As of June 30, 2025, the School closed and ceased operations for the upcoming year. Therefore, a budget is not required for 2025-2026.

Request for Information

This financial report is designed to provide a general overview of the School's finances for those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Rader Group, 101-A Business Centre, Miramar Beach, FL 32550.

THE LEARNING ACADEMY, INC.

STATEMENT OF NET POSITION

June 30, 2025

ASSETS

CURRENT ASSETS

Cash	\$	93,817
Due from other agencies		<u>30,120</u>
Total current assets		<u>123,937</u>

CAPITAL ASSETS

Capital assets not being depreciated:		
Land		185,000
Capital assets, net of accumulated depreciation:		
Buildings and fixed equipment		998,469
Improvements		35,882
Furniture, fixtures and equipment		17,043
Vehicles		<u>27,499</u>
Total capital assets, net		1,263,893

NONCURRENT ASSETS

Right-of-use assets, net		<u>217</u>
Total noncurrent assets, net		<u>1,264,110</u>
Total assets	\$	<u><u>1,388,047</u></u>

LIABILITIES AND NET POSITION

LIABILITIES

Accounts payable	\$	4,689
Accrued payroll liabilities		3,890
Short-term liabilities - due within one year:		
Lease liabilities		217
Note payable		108,328
Long-term liabilities - due in more than one year		
Note payable		<u>271,771</u>
Total liabilities		<u>388,895</u>

NET POSITION

Net investment in capital assets		883,794
Unrestricted		<u>115,358</u>
Total net position	\$	<u><u>999,152</u></u>

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

THE LEARNING ACADEMY, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Functions/ Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Basic instruction	\$ 445,113	\$ -	\$ 19,175	\$ -	\$ (425,938)
Media services	21,250	-	-	-	(21,250)
Board of directors	6,850	-	-	-	(6,850)
School administration	155,382	-	-	-	(155,382)
Facilities	-	-	-	-	-
Fiscal services	90,242	-	-	-	(90,242)
Food services	-	-	-	-	-
Staff services	74,449	-	-	-	(74,449)
Transportation	122,585	-	-	-	(122,585)
Operation of plant	164,624	-	-	43,149	(121,475)
Interest on note payable	24,030	-	-	-	(24,030)
Total governmental activities	\$ 1,104,525	\$ -	\$ 19,175	\$ 43,149	(1,042,201)
			General revenues:		
			Florida education finance program	522,458	
			Federal impact aid	181,066	
			Other revenues	16,792	
			Total general revenues	720,316	
			Change in net position	(321,885)	
			Net position at July 1, 2024	1,321,037	
			Net position at June 30, 2025	\$ 999,152	

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

THE LEARNING ACADEMY, INC.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Capital Outlay Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 93,817	\$ -	\$ -	\$ 93,817
Due from other agencies	30,120	-	-	30,120
Total assets	\$ 123,937	\$ -	\$ -	\$ 123,937
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 4,689	\$ -	\$ -	\$ 4,689
Accrued payroll liabilities	3,890	-	-	3,890
Total liabilities	8,579	-	-	8,579
 FUND BALANCES				
Unassigned	115,358	-	-	115,358
Total fund balances	115,358	-	-	115,358
Total liabilities and fund balances	\$ 123,937	\$ -	\$ -	\$ 123,937

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

THE LEARNING ACADEMY, INC.

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2025

Total Fund Balance - Governmental Funds		\$	115,358
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:			
Capital assets	\$	2,115,132	
Accumulated depreciation		<u>(851,239)</u>	
			1,263,893
Right-of-use assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
			217
Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Note payable		(380,099)	
Lease liabilities		<u>(217)</u>	
			<u>(380,316)</u>
Net Position of Governmental Activities		\$	<u><u>999,152</u></u>

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

THE LEARNING ACADEMY, INC.

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

Year Ended June 30, 2025

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Federal passed through state and local	\$ 181,066	\$ -	\$ 19,175	\$ 200,241
State passed through local school district	522,458	43,149	-	565,607
Other revenues	<u>16,792</u>	<u>-</u>	<u>-</u>	<u>16,792</u>
Total revenues	<u>720,316</u>	<u>43,149</u>	<u>19,175</u>	<u>782,640</u>
Expenditures				
Current:				
Basic instruction	425,938	-	19,175	445,113
Media services	21,250	-	-	21,250
Board of directors	6,850	-	-	6,850
School administration	157,902	-	-	157,902
Facilities	43,149	-	-	43,149
Fiscal services	90,242	-	-	90,242
Food services	-	-	-	-
Staff services	74,449	-	-	74,449
Transportation	128,327	-	-	128,327
Operation of plant	58,057	43,149	-	101,206
Debt service	<u>91,560</u>	<u>-</u>	<u>-</u>	<u>91,560</u>
Total expenditures	<u>1,097,724</u>	<u>43,149</u>	<u>19,175</u>	<u>1,160,048</u>
Net change in fund balance	(377,408)	-	-	(377,408)
Fund balances at July 1, 2024	<u>492,766</u>	<u>-</u>	<u>-</u>	<u>492,766</u>
Fund balances at June 30, 2025	<u>\$ 115,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,358</u>

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

THE LEARNING ACADEMY, 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 - Governmental Funds	\$	(377,408)
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This and the net effect of various other transactions involving capital assets decreased net position.

Capital outlay	\$ 8,262	
Right-of-use asset - amortization	(2,561)	
Provision for depreciation	<u>(63,418)</u>	(57,717)

The repayment of the principal of long-term debt consumes the current financial resources of the School without affecting the net position. The statement of activities does not reflect the payment of principal on long-term debt. The principal paid on long-term debt during the current year was:

Note payable	110,679
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Some expenses reported in governmental funds are to be reported in a long-term basis; therefore are not reported in the Statement of Activities

Payment of lease principal	<u>2,561</u>
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Change in Net Position - Governmental Activities	\$	<u><u>(321,885)</u></u>
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The accompanying notes are an integral part of these financial statements.

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A - SUMMARY OF REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

The Learning Academy, Inc. (the "School"), 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 Charter School provides educational services to students of grades six through twelve. The governing body of the School is the Board of Directors, which is composed of three members.

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, which is the Santa Rosa County School District, Florida (the "District"). The charter is effective through June 30, 2029. 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. 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. On June 30, 2025, the School ceased operations and closed.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business type activities.

Net position, the difference between assets, liabilities, and deferred outflows/inflows of resources, as presented in the statement of net position, is subdivided into three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investments in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, laws or regulations of other governments, or enabling legislation.

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function.

Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions.

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

2. Government-wide and fund financial statements (continued)

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

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Two of the School's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

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

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, principal and interest on general long-term debt are recorded as expenditures only when payment is due.

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

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund – is the general operating fund of the School and is used to account for all resources not required to be accounted for in another fund.

Capital Outlay Fund – is a special revenue fund used in accordance with guidelines established by the Santa Rosa County School District, Florida. This fund accounts for all resources for the construction and acquisition of capital facilities and assets.

4. Cash

Cash consists of cash on hand at the School and checking accounts held at a financial institution. The School has no cash equivalents.

5. Receivables

The School's management reviewed receivables at June 30, 2025, and determined that the balance was considered fully collectible based on prior experience; therefore, no allowance for doubtful accounts has been provided.

6. Interfund activity

Activity between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. At the end of the year, there was no interfund activity.

7. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

7. Capital assets (continued)

Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and fixed equipment	9-30
Improvements other than buildings	5-15
Furniture, fixtures and equipment	5-10
Computer software	3-5
Vehicles	5

8. Leases

The School is a lessee for a copier 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. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental funds report the face amount of debt issued as other financing sources and the repayment of debt as debt service expenditures.

10. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent ("FTE") students and related data to the District. Under the provisions of Section 1011.62, 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.

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

10. Revenue sources (continued)

Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE student survey periods.

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

Additionally, other revenues may be derived from various fundraising activities and certain other programs.

11. Use of estimates

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

12. Income taxes

The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The School recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the School and various positions related to the potential sources of unrelated business taxable income. The assessment of the technical merits of a tax position is a matter of judgment. The School believes that all of its tax positions are more likely than not to be sustained upon examination. The School files Form 990 in the U.S. federal jurisdiction.

13. Fund balance classifications

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

13. Fund balance classifications (continued)

Non-Spendable fund balance – amounts that are not spendable (such as inventory and prepaid expenses) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the School itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the School takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts the School intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose. No other fund except the General Fund can report positive amounts of unassigned fund balance.

The School would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

14. Budget

An operating budget is adopted and maintained by the governing board of the School pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in the preparation of the basic financial statements.

15. Accounting pronouncements implemented

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB 101 increases 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 establishes a criteria for the recognition and measurement of the government. The provisions in GASB 101 were early implemented in the year ended June 30, 2024. The implementation of the new pronouncement did not have any impact on the financial statements as the School does not have any compensated absences that match the criteria.

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

15. Accounting pronouncements implemented (continued)

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.

16. 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.

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.

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B - CASH

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the School’s deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. The deposits are insured by the FDIC up to \$250,000 per entity. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Deposits Act. In the event of a default or insolvency of a qualified public depositor, the state treasurer will implement procedures for payment of losses according to the validated claims of the School pursuant to 280.08, Florida Statutes. As of June 30, 2025, \$0 of the School’s balances held were exposed to custodial credit risk.

NOTE C - CAPITAL ASSETS

Changes in capital assets activity were as follows:

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025
Capital assets not depreciated:				
Land	\$ 185,000	\$ -	\$ -	\$ 185,000
Capital assets depreciated:				
Buildings and fixed equipment	1,384,271	-	-	1,384,271
Improvements other than buildings	316,432	2,520	-	318,952
Computer software	23,500	-	-	23,500
Furniture, fixtures, and equipment	146,567	-	-	146,567
Vehicles	51,100	5,742	-	56,842
Total capital assets depreciated:	<u>1,921,870</u>	<u>8,262</u>	<u>-</u>	<u>1,930,132</u>
Less accumulated depreciation:				
Buildings and fixed equipment	340,122	45,680	-	385,802
Improvements other than buildings	275,686	7,384	-	283,070
Computer software	23,500	-	-	23,500
Furniture, fixtures, and equipment	125,525	3,999	-	129,524
Vehicles	22,988	6,355	-	29,343
Total accumulated depreciation	<u>787,821</u>	<u>63,418</u>	<u>-</u>	<u>851,239</u>
Total capital assets, net	<u>\$ 1,319,049</u>	<u>\$ (55,156)</u>	<u>\$ -</u>	<u>\$ 1,263,893</u>

Depreciation expense for the year ended June 30, 2025 was charged to functions of the School as follows:

School administration	\$ 63,418
	<u>\$ 63,418</u>

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE D - LONG TERM LIABILITIES

Changes in long-term liabilities were as follows:

	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Due within one year
Note payable	\$ 490,778	\$ -	\$ 110,679	\$ 380,099	\$ 108,328
Lease liabilities	2,778	-	2,561	217	-
	<u>\$ 493,556</u>	<u>\$ -</u>	<u>\$ 113,240</u>	<u>\$ 380,316</u>	<u>\$ 108,328</u>

1. Note payable

The School entered into a promissory note on April 28, 2016, for the purchase and renovations of a new facility, which included a line of credit phase until the total amount of principal had been advanced in the amount of \$1,120,000. Interest only was due and payable on the principal advances during the line of credit phase from May 28, 2018 through October 28, 2018 at a rate per annum of the Wall Street Journal Prime plus 1.0%. Effective October 29, 2018 the note converted to a fixed rate per annum of 4.75%, due in 144 monthly installments of principal and interest of \$10,362 through October 2028. The School is under contract to sell its building and the proceeds will be used to pay off the debt.

Future principal and interest payments are as follows:

	Principal	Interest
2026	\$ 108,328	\$ 16,019
2027	113,587	10,760
2028	119,102	5,246
2029	39,082	477
	<u>\$ 380,099</u>	<u>\$ 32,502</u>

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE D - LONG TERM LIABILITIES (continued)

2. Lease liabilities – Right-of-Use

The School entered into leases for copiers for use in the facility and classrooms. The leases are noncancellable 60-month terms. The leases have nonrenewal clauses and the copiers revert to the lessor at the end of the lease. The payment schedule for reducing the lease liabilities is as follows:

Type	Start Date	July 1, 2024	Additions	Interest Paid	Principal Paid	Totals	June 30, 2025	Current Portion of Lease Liabilities
Copier	5/26/2020	\$ 2,778	\$ -	\$ 52	\$ 2,561	\$ 2,613	\$ 217	\$ 217
Totals		<u>\$ 2,778</u>	<u>\$ -</u>	<u>\$ 52</u>	<u>\$ 2,561</u>	<u>\$ 2,613</u>	<u>\$ 217</u>	<u>\$ 217</u>

In relationship to the lease liabilities, the School chooses to amortize the right-of-use asset on a straight-line basis. Changes in right-of-use asset are presented in the table below:

Right-of-Use Assets	July 1, 2024	Additions	Decreases	June 30, 2025
Copiers	\$ 11,980	\$ -	\$ -	\$ 11,980
Total right-of-use assets, being amortized	<u>11,980</u>	<u>-</u>	<u>-</u>	<u>11,980</u>
Less accumulated amortization:				
Copiers	9,202	2,561	-	11,763
Total accumulated amortization	<u>9,202</u>	<u>2,561</u>	<u>-</u>	<u>11,763</u>
Total right-of-use assets being amortized, net	<u>\$ 2,778</u>	<u>\$ (2,561)</u>	<u>\$ -</u>	<u>\$ 217</u>

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE E - CONCENTRATIONS

1. Revenue sources

As stated in Note A-10, the School receives revenues for current operations primarily from the State of Florida through the local school district.

The following is a schedule of revenue sources and amounts:

School Board of Santa Rosa County, Florida:	
Base funding	\$ 392,157
Supplemental academic instruction	14,636
Class size reduction	47,582
FEFP referrals	26,914
School security	41,404
Safe schools	78,353
Teacher salary increase allocation	35,342
Transportation	20,652
Reading allocation	5,827
Subtotal	<u>662,867</u>
Capital outlay	34,228
Capital improvement	8,921
Unified school improvement grant	40,657
Title 1	19,175
Other local revenues	16,792
	<u>\$ 782,640</u>

A significant decline in funding from the School Board could have a material impact on future operations.

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE F - COMMITMENT AND CONTINGENCIES

1. Management service contract

As of July 8, 2015, the School entered into a management agreement with a third party (the "Management Company") to provide financial, human resources, and administration services to the School at a fee approved annually by the School's Board of Directors as part of the annual and amended budget for the School. The management agreement will remain in effect during any subsequent terms of the charter contract between the School and School District unless terminated in accordance with the terms of the contact. The current year management fees charged to operations totaled \$148,412.

NOTE G - RELATED PARTY

1. Management agreement

The Management Company provides financial, human resources, and administration services based on a contractual arrangement with the School. The Management Company manages the finances and operations and makes recommendations to the School's independent Board of Directors, which makes the final determinations regarding policies and contracts. Total management fees charged to operations for the year ended June 30, 2025 were \$148,412 (see Note F).

2. Shared operating expenses

The School had no shared operating expenses during the year.

3. School district services

The School receives services for building maintenance, transportation, security, and safe schools paid for by the District during the year. As of June 30, 2025, the School has recognized expenses and revenues in relationship to the service in the amount of \$140,409.

NOTE H - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial liability insurance. Under the plan for property insurance, the School's liability is \$1,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2025. Settled claims resulting from the risks described above have not exceeded the insurance coverage in the previous three years.

THE LEARNING ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE I - SUBSEQUENT EVENTS

The School has evaluated subsequent events through August 29, 2025, the date which the financial statements were available for issuance; and has determined that no material events occurred that would require additional disclosure in the financial statements.

The School ceased operation on June 30, 2025 as enrollment totaled only 100 students for fiscal 2025 whereas enrollment has historically exceeded 100 students. The School is under contract to sell its building and the proceeds will be used to pay off the School's debt.

REQUIRED SUPPLEMENTARY INFORMATION

THE LEARNING ACADEMY, 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				
FEFP	\$ 859,639	\$ 495,544	\$ 495,544	\$ -
FEFP Referrals	60,000	26,914	26,914	-
ESSER Allocation	-	181,066	181,066	-
E-Rate	8,100	8,026	8,026	-
Uniforms	3,000	-	-	-
SIP Grant	71,000	-	-	-
Miscellaneous	1,000	8,766	8,766	-
Total revenues	1,002,739	720,316	720,316	-
Expenditures				
Salaries	533,511	369,425	369,425	-
Retirement	2,200	5,400	5,400	-
Social security	41,068	28,700	28,700	-
Group insurance	96,942	41,088	41,088	-
Worker's compensation	5,000	4,482	4,482	-
Unemployment compensation	500	121	121	-
Management fee	138,412	148,412	148,412	-
Audit/accounting	11,000	16,000	16,000	-
School resource officer	1,500	119,756	119,756	-
Misc. contract services	3,000	284	284	-
Insurance	55,562	67,452	67,452	-
Travel	4,600	1,460	1,460	-
Vehicle/maintenance	12,000	11,893	11,893	-
Repair/Maint.	8,000	6,473	6,473	-
Computer repair	5,500	6,279	6,279	-
Lease-copier	7,500	9,598	9,598	-
Postage	350	905	905	-
Phone/internet	17,500	15,416	15,416	-
Water/sewer	6,000	8,187	8,187	-
Pest control	500	501	501	-
Security monitoring	5,500	3,899	3,899	-
Misc. non-professional services	3,600	7,851	7,851	-
Electric/gas	37,500	27,194	27,194	-
Gas/vehicles	1,000	20,652	20,652	-
Supplies	13,000	20,966	20,966	-
Instructional material	1,500	-	-	-
Lunches	100	1,138	1,138	-
Other material and supplies	6,000	3,220	3,220	-
Equipment	1,000	-	-	-
Capital equipment	1,000	-	-	-
Computer hardware	4,000	-	-	-
Principal and interest	49,347	91,560	91,560	-
Software	22,000	54,712	54,712	-
Fees/miscellaneous	3,000	2,285	2,285	-
Auto tags and fees	200	12	12	-
Transportation costs	1,000	656	656	-
Payroll expenses	-	392	392	-
Rental	-	1,355	1,355	-
Substitutes/temporary	5,000	-	-	-
Total expenditures	1,105,392	1,097,724	1,097,724	-
Net change in fund balance	(102,653)	(377,408)	(377,408)	-
Fund balance at July 1, 2024	492,766	492,766	492,766	-
Fund balance at June 30, 2025	\$ 390,113	\$ 115,358	\$ 115,358	\$ -

See note to required supplemental information.

THE LEARNING ACADEMY, INC.

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

Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Charter school capital outlay	\$ 75,000	\$ 43,149	\$ 43,149	\$ -
Total revenues	75,000	43,149	43,149	-
Expenditures				
Principal and interest new building	75,000	43,149	43,149	-
Total expenditures	75,000	43,149	43,149	-
Net change in fund balance	-	-	-	-
Fund balance at July 1, 2024	-	-	-	-
Fund balance at June 30, 2025	\$ -	\$ -	\$ -	\$ -

See note to required supplemental information.

THE LEARNING ACADEMY, INC.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2025

NOTE A - BUDGETARY INFORMATION

The School's annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for all governmental activities and may be amended by the School's Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2025, have been amended according to Board procedures.

Budgets are presented on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.



**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
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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Learning Academy, Inc. (the "School"), a component unit of the Santa Rosa County School District, Florida (the "District") 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 August 29, 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.

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
August 29, 2025



MANAGEMENT LETTER

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
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To the Board of Directors of
The Learning Academy, Inc.
Milton, Florida

Report on the Financial Statements

We have audited the financial statements of The Learning Academy, Inc. (the "School"), a component unit of the Santa Rosa County School District, Florida, as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated August 29, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 29, 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 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 *The Learning Academy, Inc. and 8001*.

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 conditions met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.854(1)(e)3., Rules of the Auditor General, required 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 have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the School Board of Santa Rosa 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
August 29, 2025

MANAGEMENT FINDINGS, RECOMMENDATIONS AND RESPONSES

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