



**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS THEREON**

JUNE 30, 2025



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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Nap Ford Community School, Inc. - Legends Academy (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School's total net position increased as compared to the prior year.
- During 2025, the School's revenues exceeded expenses by \$91,683, which is an increase from the prior year when expenses exceeded revenues by \$2,318,678.
- Overall, revenues decreased by approximately \$1,223,000, which was a 27% decrease from the prior year.
- Overall, expenses (including the impairment loss from the prior year) decreased by approximately \$3,633,000, which was a 53% decrease from the prior year.
- Total assets and deferred outflows of resources were \$1,323,089, and total liabilities and deferred inflows of resources were \$4,979,769, resulting in net position of \$(3,656,680) as of June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)**

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

The School has one type of fund:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

During 2025, the School entered into a deed-in-lieu of foreclosure agreement, resulting in the sale of its land and building as part of a negotiated settlement of its outstanding bonds payable. The transaction included the transfer of real property and the extinguishment of the related debt, as well as the release of all construction liens and assignment of certain contracts and insurance rights. Additionally, the agreement required the appointment of individuals designated by the acquiring party to a majority of the School's board of directors.

In connection with this transaction, the School entered into a leaseback arrangement to continue occupying the facility. The lease term begins on the later of August 10, 2025, or upon completion of required renovations and issuance of a certificate of occupancy. As of June 30, 2025, these conditions had not been met; therefore, no right-to-use asset or lease liability has been recognized in the accompanying financial statements. The portion of the gain related to the leaseback has been reported as a deferred inflow of resources in the accompanying statement of net position and will be recognized as a reduction of lease expense over the lease term once the lease commences.

Net Position

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

	Governmental Activities		Increase (Decrease)
	2025	2024	
Current and other assets	\$ 656,452	\$ 8,212,925	-92%
Capital assets, net	269,704	6,545,840	-96%
Deferred outflows of resources	396,933	458,737	-13%
Total assets and deferred outflows	<u>1,323,089</u>	<u>15,217,502</u>	<u>-91%</u>
Current and other liabilities	97,654	1,952,364	-95%
Long-term liabilities	1,648,593	16,687,627	-90%
Deferred inflows of resources	3,233,522	325,874	892%
Total liabilities and deferred inflows	<u>4,979,769</u>	<u>18,965,865</u>	<u>-74%</u>
Net position:			
Net investment in capital assets	202,150	(671,720)	130%
Unrestricted	<u>(3,858,830)</u>	<u>(3,076,643)</u>	<u>-25%</u>
Total net position	<u>\$ (3,656,680)</u>	<u>\$ (3,748,363)</u>	<u>2%</u>

Current and other assets, net capital assets, long-term liabilities, deferred inflows of resources, and net investment in capital assets changed primarily due to the School's deed-in-lieu of foreclosure agreement during the year. Current and other assets decreased due to liquidation of restricted cash. Net capital assets decreased due to the sale of land and building and to current year depreciation. Long-term liabilities decreased from the extinguishment of bonds payable. Deferred inflows of resources increased due to the deferral of the sale-leaseback gain and the remeasurement of the pension liability. Net investment in capital assets is the result of the change

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

between capital assets, net and related long-term liabilities during the current year. Current liabilities changed due to the timing of payments at year-end. The change in unrestricted net position is the result of current year operations and the activity noted above.

Change in Net Position

The School's total revenues decreased by 27% to \$3,356,818, and the total cost of all programs and services (including the impairment loss) decreased by 53% to \$3,265,135 – see table below.

	Governmental Activities		Increase (Decrease)
	2025	2024	
Revenues:			
Federal sources passed through local school district	\$ 761,298	\$ 987,509	-23%
State and local sources	2,185,515	2,821,874	-23%
Contributions and other revenue	410,005	770,279	-47%
Total revenues	3,356,818	4,579,662	-27%
Expenses:			
Instruction	1,881,715	2,904,761	-35%
Instruction-related technology	51,182	80,702	-37%
Board	61,663	91,319	-32%
General administration	98,784	109,067	-9%
School administration	210,115	213,470	-2%
Facilities acquisition and construction	30,524	22,746	34%
Fiscal services	157,953	147,796	7%
Food services	214,626	272,019	-21%
Operation and maintenance of plant	551,055	746,897	-26%
Interest	7,518	709,563	-99%
Total expenses	3,265,135	5,298,340	-38%
Special item - impairment loss	-	1,600,000	-100%
Change in net position	\$ 91,683	\$(2,318,678)	104%

Federal sources passed through local school district decreased due to reduced federal funding received from the National School Lunch Program and from the Elementary and Secondary School Emergency Relief ("ESSER") Fund in the current year. State and local sources decreased due to reduced student enrollment in the current year. Contributions and other revenue decreased due to less interest income generated from restricted cash during the year.

Instruction, instruction-related technology, food services and operation and maintenance of plant changed due to less personnel and less overall expenses incurred during the year resulting from decreased enrollment. Board expenses decreased due to less legal services incurred in the current year. Interest decreased due to the extinguishment of debt under the deed-in-lieu of foreclosure agreement, resulting in minimal interest incurred during the year.

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(continued)**

During the prior year, the School evaluated certain assets for impairment and determined the carrying values of those assets exceeded their fair value, thereby recording an impairment loss. Such event did not occur in the current year.

FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS

As the School completed the year, its governmental funds reported a combined fund balance of \$558,798. Both revenues and expenditures changed for the same reasons described above.

General Fund Budgetary Highlights

For 2025, actual general fund revenues were approximately \$215,000 below the final budget, which represents a budget variance of 8%. Actual general fund expenditures were approximately \$159,000 above the final budget, which represents a 6% budget variance.

Special Revenue Fund Budgetary Highlights

For 2025, actual special revenue fund revenues were approximately \$225,000 above the final budget, which represents a budget variance of 42%. Actual general fund expenditures were approximately \$68,000 above the final budget, which represents a budget variance of 13%. These variances were due to increased spending under the Title I program, driven primarily by a higher allocation per student in the current year and the timing of ESSER funding receipts compared to budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School’s investment in capital assets at the end of fiscal 2025 amounts to \$269,704 (net of accumulated depreciation). See table below:

	Governmental Activities		Increase (Decrease)
	2025	2024	
Construction in progress	\$ 175,412	\$ 4,729,751	-96%
Land	-	1,750,000	-100%
Leasehold improvements	249,593	361,491	-31%
Furniture, fixtures and equipment	464,987	627,782	-26%
Less: accumulated depreciation	(620,288)	(923,184)	33%
Total capital assets, net	<u>\$ 269,704</u>	<u>\$ 6,545,840</u>	<u>-96%</u>

This year’s major capital asset additions include the following:

- Construction in progress related to leasehold improvements - \$175,412
- Copiers - \$81,102

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

This year's major capital asset disposals include the following:

- Construction in progress related to buildings - \$4,729,751
- Land - \$1,750,000
- Furniture, fixtures and equipment - \$255,211
- Leasehold improvements - \$111,898

More detailed information about the School's capital assets is presented in Note 5 to the financial statements.

Long-term Debt

As of June 30, 2025, the School had \$1,648,593 in long-term liabilities outstanding consisting of compensated absences, lease liability and pension liability. This year's major long-term liability changes include a lease liability of \$67,554 for leased equipment, offset by reductions from the remeasurement of the pension liability and the extinguishment of bonds payable. More detailed information about the School's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for 2026:

- Projected increase in student enrollment
- Projected increase in personnel
- Projected increase in donations and fundraising events

Amounts available for appropriation in the general fund are approximately \$3,576,000, an increase of 49% from the final 2025 amount of \$2,399,383. Budgeted expenditures are expected to be approximately \$3,576,000, an increase of 29% from the final 2025 amount of \$2,772,504. These increases are primarily due to a projected increase in enrollment. The School has added no major new programs to the 2026 budget.

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

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at P.O. Box 2031, Orlando, Florida 32802.

INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

To the Board of Directors of
Nap Ford Community School, Inc. – Legends Academy

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 Nap Ford Community School, Inc. – Legends Academy (the "School"), 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 Nap Ford Community School, Inc. – Legends Academy as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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; this includes 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 on pages 1 – 7, the budgetary comparison information on pages 33 – 34 and the pension information on pages 35 – 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2025 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

BKHM, P.A.

Orlando, Florida
October 2, 2025

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 161,223
Accounts receivable	401,384
Endowment	11,421
Other assets	82,424
Capital assets, net	269,704
Total assets	926,156
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows of resources	396,933
Total assets and deferred outflows of resources	\$ 1,323,089
LIABILITIES	
Accounts payable and accrued expenses	\$ 97,654
Long-term liabilities:	
Due within one year	47,204
Due in more than one year	1,601,389
Total liabilities	1,746,247
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows of resources	544,761
Sale-leaseback gain	2,688,761
Total deferred inflows of resources	3,233,522
NET POSITION	
Net investment in capital assets	202,150
Unrestricted	(3,858,830)
Total net position	(3,656,680)
Total liabilities, deferred inflows of resources and net position	\$ 1,323,089

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction	\$ 1,881,715	\$ -	\$ 425,905	\$ -	\$ (1,455,810)	\$ (1,455,810)
Instruction-related technology	51,182	-	-	-	(51,182)	(51,182)
Board	61,663	-	-	-	(61,663)	(61,663)
General administration	98,784	-	-	-	(98,784)	(98,784)
School administration	210,115	-	-	-	(210,115)	(210,115)
Facilities acquisition and construction	30,524	-	-	-	(30,524)	(30,524)
Fiscal services	157,953	-	-	-	(157,953)	(157,953)
Food services	214,626	-	162,600	-	(52,026)	(52,026)
Operation and maintenance of plant	551,055	-	15,588	-	(535,467)	(535,467)
Community services	-	27,764	-	-	27,764	27,764
Interest	7,518	-	-	-	(7,518)	(7,518)
Total primary government	<u>\$ 3,265,135</u>	<u>\$ 27,764</u>	<u>\$ 604,093</u>	<u>\$ -</u>	<u>(2,633,278)</u>	<u>(2,633,278)</u>
General revenues:						
Federal sources passed through local school district					157,205	157,205
State and local sources					2,185,515	2,185,515
Contributions and other revenue					382,241	382,241
Total general revenues					<u>2,724,961</u>	<u>2,724,961</u>
Change in net position					91,683	91,683
Net position at beginning of year					<u>(3,748,363)</u>	<u>(3,748,363)</u>
Net position at end of year					<u>\$ (3,656,680)</u>	<u>\$ (3,656,680)</u>

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 161,223	\$ -	\$ -	\$ 161,223
Accounts receivable	350,000	44,704	6,680	401,384
Due from other governmental funds	51,384	-	-	51,384
Endowment	11,421	-	-	11,421
Other assets	82,424	-	-	82,424
Total assets	\$ 656,452	\$ 44,704	\$ 6,680	\$ 707,836
 LIABILITIES				
Accounts payable and accrued expenditures	\$ 97,654	\$ -	\$ -	\$ 97,654
Due to general fund	-	44,704	6,680	51,384
Total liabilities	97,654	44,704	6,680	149,038
 FUND BALANCES				
Nonspendable:				
Other assets	82,424	-	-	82,424
Unassigned	476,374	-	-	476,374
Total fund balances	558,798	-	-	558,798
Total liabilities and fund balances	\$ 656,452	\$ 44,704	\$ 6,680	\$ 707,836

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

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

JUNE 30, 2025

Total fund balances - total governmental funds \$ 558,798

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$889,992 and the accumulated depreciation is \$620,288. 269,704

Amounts accrued for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (32,124)

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

Pension related deferred outflows of resources	396,933
Net pension liability	(1,548,915)
Pension related deferred inflows of resources	(544,761)

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

Lease liability	(67,554)
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Governmental funds do not report deferred inflows of resources related to sale-leaseback transactions. This amount represents the gain resulting from the sale-leaseback of the School's property, which is deferred and recognized over the term of the lease. (2,688,761)

Total net position - governmental activities \$ (3,656,680)

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

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

FOR THE YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Federal sources passed through local school district	\$ -	\$ 761,298	\$ -	\$ 761,298
State and local sources	1,989,378	-	196,137	2,185,515
Contributions and other revenue	410,005	-	-	410,005
Total revenues	<u>2,399,383</u>	<u>761,298</u>	<u>196,137</u>	<u>3,356,818</u>
EXPENDITURES				
Current:				
Instruction	1,489,271	425,905	-	1,915,176
Instruction-related technology	51,182	-	-	51,182
Board	61,663	-	-	61,663
General administration	98,784	-	-	98,784
School administration	203,399	-	-	203,399
Facilities acquisition and construction	205,936	-	-	205,936
Fiscal services	157,953	-	-	157,953
Food services	52,026	162,600	-	214,626
Operation and maintenance of plant	339,330	15,588	196,137	551,055
Debt service:				
Principal	13,026	-	-	13,026
Interest	7,518	-	-	7,518
Other capital outlay	92,416	-	-	92,416
Total expenditures	<u>2,772,504</u>	<u>604,093</u>	<u>196,137</u>	<u>3,572,734</u>
Excess (deficiency) of revenues over expenditures	<u>(373,121)</u>	<u>157,205</u>	<u>-</u>	<u>(215,916)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from lease	80,580	-	-	80,580
Release of restricted cash, net of accounts payable, resulting from sale of School property	(5,566,427)	-	-	(5,566,427)
Transfer in	157,205	-	-	157,205
Transfer out	-	(157,205)	-	(157,205)
Total other financing sources (uses)	<u>(5,328,642)</u>	<u>(157,205)</u>	<u>-</u>	<u>(5,485,847)</u>
Net change in fund balances	(5,701,763)	-	-	(5,701,763)
Fund balances at beginning of year	6,260,561	-	-	6,260,561
Fund balances at end of year	<u>\$ 558,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 558,798</u>

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

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

FOR THE YEAR ENDED JUNE 30, 2025

Net changes in fund balances - total governmental funds \$ (5,701,763)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$267,828) exceed depreciation expense (\$64,213) in the current period. 203,615

Pension income or expense resulting from GASB 68 included in the statement of activities does not provide or require the use of current financial resources and, therefore, is not reported as a net change in fund balances in the governmental funds. 90,958

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. (80,580)

Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. 13,026

Governmental funds report inflows of current financial resources but do not reflect long-term asset or liability activity. This amount represents the release of restricted cash, net of extinguished accounts payable, resulting from the sale of the School's property, which is reported as other financing uses in the governmental funds. 5,566,427

Change in net position of governmental activities \$ 91,683

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Nap Ford Community School, Inc. (the “Company”) is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. Legends Academy (the “School”) operated as part of the Company. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of eight 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, the District School Board of Orange County, Florida (the “School Board”). The current charter is effective until June 30, 2031 and may be renewed in increments of five or fifteen years by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter’s expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds, except capital outlay funds, revert back to the School Board. Any unencumbered capital outlay funds revert back to the Florida Department of Education (“FDOE”) to be distributed among eligible charter schools. The School meets the definition of a governmental entity under the Governmental Accounting Standards Board’s (“GASB”) accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

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

Basis of Presentation

The School’s financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. 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. 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.

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

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

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

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

The fund financial statements provide more detailed information about the School’s most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purpose for which they are spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

General Fund – To account for all financial resources not required to be accounted for in another fund.

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

Capital Projects Fund – To account for all resources for the acquisition of capital items by the School purchased with capital outlay funds.

For purposes of these statements, the general, special revenue and capital projects funds are considered major funds. There are no other governmental funds.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Budgetary Basis Accounting

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

Cash and Cash Equivalents

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. The School maintains its cash accounts in financial institutions subject to insurance coverage issued by the Federal Deposit Insurance Corporation (the "FDIC"). Under FDIC rules, the School is entitled to aggregate coverage of \$250,000 per account type per separate legal entity per financial institution. As of June 30, 2025, all cash balances were fully insured by the FDIC.

Receivables

Receivables consist of amounts due from governmental agencies for various programs and from related parties. Allowances are reported when management estimates that accounts may be uncollectible.

Capital Assets and Depreciation

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Leasehold improvements	3 - 5
Furniture, fixtures and equipment	3 - 5

Information relative to changes in capital assets is described in Note 5.

Compensated Absences

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as expenditures in governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employees. The liability for compensated absences is classified as a long-term liability that is due within one year because the amount of vacation and sick time to be used after the following year cannot be reasonably estimated. Information relative to changes in long-term liabilities is described in Note 7.

Long-term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. Information relative to changes in long-term liabilities is described in Note 7.

Fund Balance Spending Policy

The School's adopted spending policy is to spend from the restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to assign funds to the Executive Director. There are no minimum fund balance requirements for any of the School's funds.

Revenue Sources

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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

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

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

Income Taxes

The Company is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental funds and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

Subsequent Events

The School has evaluated subsequent events through October 2, 2025, the date these financial statements were available to be issued.

2 ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying financial statements include \$350,000 in contributions from a related party (see Note 10) and \$51,384 in amounts due from governmental agencies. Based on the collectibility of funds from these sources, the School believes that an allowance for doubtful accounts is not considered necessary.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

3 INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances as of June 30, 2025:

	Interfund Receivables	Interfund Payables
General fund	\$ 51,384	\$ -
Special revenue fund	-	44,704
Capital projects fund	-	6,680
Total interfund	\$ 51,384	\$ 51,384

The amounts payable by the special revenue fund and the capital projects fund to the general fund are to cover temporary cash shortages related to the timing of receipts.

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

	Transfers In	Transfers Out
General fund	\$ 157,205	\$ -
Special revenue fund	-	(157,205)
Total interfund	\$ 157,205	\$ (157,205)

The general purpose for transfers is to reimburse the general fund for expenditures related to federal funding.

4 OTHER ASSETS

Other assets consist of the following as of June 30, 2025:

Prepaid expenses	\$ 35,370
Deposits	47,054
Total other assets	\$ 82,424

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

5 CHANGES IN CAPITAL ASSETS

Capital asset activity during fiscal year 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 4,729,751	\$ 175,412	\$ (4,729,751)	\$ 175,412
Land	<u>1,750,000</u>	<u>-</u>	<u>(1,750,000)</u>	<u>-</u>
Total capital assets not being depreciated	<u>6,479,751</u>	<u>175,412</u>	<u>(6,479,751)</u>	<u>175,412</u>
Capital assets being depreciated:				
Leasehold improvements	361,491	-	(111,898)	249,593
Furniture, fixtures and equipment	<u>627,782</u>	<u>92,416</u>	<u>(255,211)</u>	<u>464,987</u>
Total capital assets being depreciated	<u>989,273</u>	<u>92,416</u>	<u>(367,109)</u>	<u>714,580</u>
Less accumulated depreciation for:				
Leasehold improvements	(463,417)	(360)	111,898	(351,879)
Furniture, fixtures and equipment	<u>(459,767)</u>	<u>(63,853)</u>	<u>255,211</u>	<u>(268,409)</u>
Total accumulated depreciation	<u>(923,184)</u>	<u>(64,213)</u>	<u>367,109</u>	<u>(620,288)</u>
Capital assets being depreciated, net	<u>66,089</u>	<u>28,203</u>	<u>-</u>	<u>94,292</u>
Governmental activities capital assets, net	<u>\$ 6,545,840</u>	<u>\$ 203,615</u>	<u>\$ (6,479,751)</u>	<u>\$ 269,704</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 57,497
School administration	<u>6,716</u>
Total governmental activities depreciation expense	<u>\$ 64,213</u>

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

6 COMMITMENTS AND CONTINGENT LIABILITIES

Grants

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2025 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

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

Risk Management Program

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

7 LONG-TERM LIABILITIES

Long-term liabilities activity during 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 32,124	\$ -	\$ -	\$ 32,124	\$ 32,124
Lease liability	-	80,580	(13,026)	67,554	15,080
Bonds payable	14,734,939	-	(14,734,939)	-	-
Net pension liability	1,920,564	-	(371,649)	1,548,915	-
Governmental activities, long-term liabilities	<u>\$ 16,687,627</u>	<u>\$ 80,580</u>	<u>\$(15,119,614)</u>	<u>\$ 1,648,593</u>	<u>\$ 47,204</u>

Compensated absences and the pension liability are presented net. Lease liability and bonds payable are typically liquidated first with capital projects fund resources, when available, and then with general fund resources.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Lease Liability

The Company leases copier equipment used by the School in agreements that expire in October 2028 and October 2029. The leases require monthly principal and interest payments of approximately \$1,800. The discount rate used for these leases is 10.5%.

Leased assets as of June 30, 2025 consist of the following:

	Governmental Activities
Furniture, fixtures and equipment	\$ 86,553
Less accumulated depreciation	(24,035)
	\$ 62,518

Future debt service requirements related to leases are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 15,080	\$ 6,436	\$ 21,516
2027	16,742	4,774	21,516
2028	18,587	2,929	21,516
2029	13,340	1,086	14,426
2030	3,805	84	3,889
	\$ 67,554	\$ 15,309	\$ 82,863

Bonds Payable

On December 2, 2021, Capital Trust Agency (the "Issuer") issued Educational Facilities Revenue and Revenue Refunding Bond, Series 2021A, in the principal amount of \$13,850,000 (the "Series 2022A Bond") and its Taxable Educational Facilities Revenue Bond, Series 2021B, in the principal amount of \$325,000 (the "Series 2021B Bond;" together with the Series 2021A Bond, the "Bonds"). The Bonds were used to (i) acquire and renovate certain land and buildings in Orlando, Florida, and (ii) to pay for capitalized interest and other costs of issuing the bonds.

The Bonds were privately placed with US Bank (the "Lender") and did not constitute a debt, liability or obligation of the Issuer, Capital Trust Agency or of the State of Florida or of any other political subdivision.

The Issuer had no obligation for the debt beyond the resources provided by the facilities. The School paid directly to the Lender, for the account of the Issuer, on or before the dates required under the Bonds and under the financing agreement. The Series 2021A Bond was subject to an interest rate of 5.00%, and Series 2021B was subject to an interest rate of 5.25%. The Bonds were issued with a premium of approximately \$600,000, which was being amortized over the life of the debt.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

During 2024, the School received a notice of default in connection with the Bonds and a notice of cessation to the school facilities construction project. The School engaged a legal firm to assist with the potential foreclosure of the outstanding loans and outstanding construction liens related to certain property located in Orlando, Florida.

During 2025, the School entered into a deed-in-lieu of foreclosure agreement, resulting in the sale of its land and building as part of a negotiated settlement of its outstanding bonds payable. The transaction included the transfer of real property and the extinguishment of the related debt, as well as the release of all construction liens and assignment of certain contracts and insurance rights. Additionally, the agreement required the appointment of individuals designated by the acquiring party to a majority of the School's board of directors. In connection with this transaction, the School entered into a leaseback arrangement to continue occupying the facility.

Sale-leaseback Agreement

During 2025, the School completed a sale-leaseback of its facilities through the deed-in-lieu foreclosure agreement, resulting in a new lease arrangement to continue using the facility. The lease term begins on the later of August 10, 2025, or upon completion of required renovations and issuance of a certificate of occupancy. As of June 30, 2025, these conditions had not been met; therefore, no right-to-use asset or lease liability has been recognized in the accompanying financial statements. The portion of the gain related to the leaseback has been reported as a deferred inflow of resources in the accompanying statement of net position and will be recognized as a reduction of lease expense over the lease term once the lease commences.

8 PENSION PLANS

Pension Plan Descriptions

The Florida Department of Management Services, Division of Retirement ("Division"), is part of the primary government of the State of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems ("System"). The School participates in two defined benefit plans administered by the Division. The Division issued a publicly-available, audited annual comprehensive financial report ("ACFR") on behalf of the System that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the ACFR, which is available online or by contacting the Division.

The Florida Retirement System ("FRS") Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program ("DROP") available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (“HIS”) Program is a non-qualified, cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2024, retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$7.50. The payments are at least \$45 but not more than \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported by the School is reduced by these amounts.

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

Contribution rates were as follows:

<u>Class or Plan</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular	3%	13.63%
Florida Retirement System, Reemployed Retiree	(B)	(B)

- (A) Employer rates include 2% for the Retiree Health Insurance Subsidy and 0.06% for administration of the Florida Retirement System Investment Plan and provision of educational tools for both plans, and any applicable unfunded actuarial liability rates.
- (B) Contribution rates are dependent upon the retirement class in which reemployed.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Information about the Employer's Proportionate Share of the Collective Net Pension Liability

Assumptions and Other Inputs

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The Division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan's GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2024 for the period July 1, 2018, through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2024:

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability if the discount rate was 1% lower or 1% higher than the current discount rate as of June 30, 2024:

School's Proportionate Share of FRS Net Pension Liability			School's Proportionate Share of HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.70%	6.70%	7.70%	2.93%	3.93%	4.93%
\$ 1,626,509	\$ 924,697	\$ 336,780	\$ 710,592	\$ 624,218	\$ 552,514

The Pension Plans' Fiduciary Net Positions

Detailed information about the pension plans' fiduciary net positions is available in the System's separately issued ACFR. The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2024, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 237,370,289	\$ 15,757,752
Plan fiduciary net position	(198,685,586)	(756,775)
Net pension liability	\$ 38,684,703	\$ 15,000,977
Plan fiduciary net position as a percentage of the total pension liability	83.70%	4.80%

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

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

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

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

As of June 30, 2025, the School reported a liability of \$1,548,915 for its proportionate share of the net pension liabilities. The School's proportionate share was calculated using accrued retirement contributions related to the reporting periods included in the System's current and several prior measurement dates. Prior measurement dates align with the oldest deferred (inflow)/outflow base through June 30, 2024, for employers that were members of the FRS and HIS during those fiscal years. The proportion calculated based on contributions for each of the fiscal years was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine the School's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

The School's proportions are as follows:

	FRS	HIS
June 30, 2024	0.0024%	0.0042%
June 30, 2023	0.0029%	0.0048%
Change	-0.0005%	-0.0006%

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

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

Employer contributions to the pension plans from the School are not included in collective pension expense; however, employee contributions are used to reduce pension expense. The average expected remaining service life of all employees provided with pensions through the pension plans as of June 30, 2024, was 5.3 years for FRS and 6.3 years for HIS.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

For the year ended June 30, 2025, the School recognized a reduction in pension expense of \$90,958. As of June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 99,446	\$ 1,199
Changes of assumptions	137,785	73,899
Net difference between projected and actual earnings on pension plan investments	-	61,686
Changes in proportion and differences between School contributions and proportionate share of contributions	15,304	407,977
School contributions subsequent to the measurement date	144,398	-
Total	\$ 396,933	\$ 544,761

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

Reporting Period Ended June 30:	Amount
2026	\$ (24,839)
2027	(127,074)
2028	(65,286)
2029	(41,532)
2030	(27,220)
Thereafter	(6,275)

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO FINANCIAL STATEMENTS
(continued)**

9 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES

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

District School Board of Orange County, Florida:	
Florida Education Finance Program	\$ 1,259,163
Class size reduction	221,498
Special millage	220,337
Capital outlay	196,137
Discretionary millage	153,904
Educational enrichment allocation	52,487
Safe schools	23,312
Compression adjustment	18,825
ESE guaranteed allocation	15,563
Mental health allocation	13,542
Miscellaneous state funds	8,260
Educational enrollment stabilization program	2,487
Total	<u><u>\$ 2,185,515</u></u>

The administration fee paid to the School Board during 2025 totaled \$98,784, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

10 RELATED PARTY TRANSACTIONS

During 2025, the School received a grant of \$350,000 from a nonprofit entity that shares common management and governance with the School. The amount is included in accounts receivable and contributions and other revenue in the accompanying financial statements. As of the date the financial statements were available to be issued, the full amount had been collected.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
State and local sources	\$ 2,298,235	\$ 2,298,235	\$ 1,989,378	\$ (308,857)
Contributions and other revenue	315,754	315,754	410,005	94,251
Total revenues	<u>2,613,989</u>	<u>2,613,989</u>	<u>2,399,383</u>	<u>(214,606)</u>
EXPENDITURES				
Current:				
Instruction	1,640,789	1,640,789	1,489,271	151,518
Instruction-related technology	82,000	82,000	51,182	30,818
Board	73,000	73,000	61,663	11,337
General administration	-	-	98,784	(98,784)
School administration	269,014	269,014	203,399	65,615
Facilities acquisition and construction	-	-	205,936	(205,936)
Fiscal services	148,083	148,083	157,953	(9,870)
Food services	53,029	53,029	52,026	1,003
Operation and maintenance of plant	348,074	348,074	339,330	8,744
Debt service:				
Principal	-	-	13,026	(13,026)
Interest	-	-	7,518	(7,518)
Other capital outlay	-	-	92,416	(92,416)
Total expenditures	<u>2,613,989</u>	<u>2,613,989</u>	<u>2,772,504</u>	<u>(158,515)</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(373,121)</u>	<u>(373,121)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from lease	-	-	80,580	80,580
Release of restricted cash, net of accounts payable, resulting from sale of School property	-	-	(5,566,427)	(5,566,427)
Transfer in	-	-	157,205	157,205
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,328,642)</u>	<u>(5,328,642)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(5,701,763)</u>	<u>(5,701,763)</u>
Fund balance at beginning of year	<u>6,260,561</u>	<u>6,260,561</u>	<u>6,260,561</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,260,561</u>	<u>\$ 6,260,561</u>	<u>\$ 558,798</u>	<u>\$ (5,701,763)</u>

See independent auditor's report.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal sources passed through local school district	\$ 536,447	\$ 536,447	\$ 761,298	\$ 224,851
Total revenues	<u>536,447</u>	<u>536,447</u>	<u>761,298</u>	<u>224,851</u>
EXPENDITURES				
Current:				
Instruction	356,447	356,447	425,905	(69,458)
Food services	180,000	180,000	162,600	17,400
Operation and maintenance of plant	-	-	15,588	(15,588)
Total expenditures	<u>536,447</u>	<u>536,447</u>	<u>604,093</u>	<u>(67,646)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>157,205</u>	<u>157,205</u>
OTHER FINANCING USES				
Transfer out	-	-	(157,205)	(157,205)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(157,205)</u>	<u>(157,205)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST 10 FISCAL YEARS ENDING JUNE 30**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS) Pension Plan										
School's proportion of the net pension liability (asset)	0.0024%	0.0029%	0.0036%	0.0036%	0.0035%	0.0036%	0.0037%	0.0040%	0.0034%	0.0018%
School's proportionate share of the net pension liability (asset)	\$ 924,697	\$ 1,154,832	\$ 1,331,411	\$ 268,482	\$ 1,514,939	\$ 1,246,800	\$ 1,110,539	\$ 1,180,724	\$ 874,534	\$ 226,360
School's covered-employee payroll	\$ 1,009,574	\$ 1,186,754	\$ 1,939,323	\$ 1,533,089	\$ 1,545,043	\$ 1,930,005	\$ 1,860,954	\$ 2,006,238	\$ 1,746,907	\$ 783,216
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	92%	97%	69%	18%	98%	65%	60%	59%	50%	29%
Plan fiduciary net position as a percentage of the total pension liability (asset)	84%	82%	83%	96%	79%	83%	84%	84%	85%	92%
Retiree Health Insurance Subsidy (HIS) Program										
School's proportion of the net pension liability (asset)	0.0042%	0.0048%	0.0053%	0.0052%	0.0054%	0.0057%	0.0056%	0.0063%	0.0056%	0.0026%
School's proportionate share of the net pension liability (asset)	\$ 624,218	\$ 765,732	\$ 563,632	\$ 642,657	\$ 660,823	\$ 642,122	\$ 596,204	\$ 672,220	\$ 658,120	\$ 263,062
School's covered-employee payroll	\$ 1,761,071	\$ 1,910,205	\$ 1,939,323	\$ 1,854,777	\$ 1,878,427	\$ 1,930,005	\$ 1,860,954	\$ 2,006,238	\$ 1,746,907	\$ 783,216
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35%	40%	29%	35%	35%	33%	32%	34%	38%	34%
Plan fiduciary net position as a percentage of the total pension liability (asset)	5%	4%	5%	4%	3%	3%	2%	2%	1%	1%

Information for 2019 and prior years has been restated for the combination of schools in fiscal 2021.

See independent auditor's report.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

REQUIRED SUPPLEMENTARY INFORMATION

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS) Pension Plan										
Contractually required contribution	\$ 115,174	\$ 135,356	\$ 139,421	\$ 161,600	\$ 135,401	\$ 116,136	\$ 112,257	\$ 105,076	\$ 103,914	\$ 84,463
Contributions in relation to the contractually required contribution	115,174	135,356	139,421	161,600	135,401	116,136	112,257	105,076	103,914	84,463
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 831,190	\$ 1,009,574	\$ 1,186,754	\$ 1,939,323	\$ 1,533,089	\$ 1,545,043	\$ 1,930,005	\$ 1,860,954	\$ 2,006,238	\$ 1,746,907
Contributions as a percentage of covered-employee payroll	14%	13%	12%	8%	9%	8%	6%	6%	5%	5%
Retiree Health Insurance Subsidy (HIS) Program										
Contractually required contribution	\$ 29,224	\$ 35,230	\$ 31,717	\$ 40,400	\$ 30,796	\$ 31,188	\$ 31,867	\$ 30,548	\$ 33,272	\$ 28,944
Contributions in relation to the contractually required contribution	29,224	35,230	31,717	40,400	30,796	31,188	31,867	30,548	33,272	28,944
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 1,460,857	\$ 1,761,071	\$ 1,910,205	\$ 1,939,323	\$ 1,854,777	\$ 1,878,427	\$ 1,930,005	\$ 1,860,954	\$ 2,006,238	\$ 1,746,907
Contributions as a percentage of covered-employee payroll	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

Information for 2019 and prior years has been restated for the combination of schools in fiscal 2021.

See independent auditor's report.

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

To the Board of Directors of
Nap Ford Community School, Inc. - Legends Academy

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 Nap Ford Community School, Inc. - Legends Academy (the "School"), 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 October 2, 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKHM, P.A.

Orlando, Florida
October 2, 2025

**ADDITIONAL INFORMATION REQUIRED BY
RULES OF THE AUDITOR GENERAL,
CHAPTER 10.850**

To the Board of Directors of
Nap Ford Community School, Inc. - Legends Academy

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of the governmental activities and each major fund of Nap Ford Community School, Inc. - Legends Academy (the "School"), as of and for the year ended June 30, 2025, and have issued our report thereon dated October 2, 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 October 2, 2025, should be considered in conjunction with this management letter.

PRIOR AUDIT FINDINGS

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

OFFICIAL TITLE

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Nap Ford Community School, Inc. - Legends Academy, and the school code assigned by the Florida Department of Education is 0080.

FINANCIAL CONDITION AND MANAGEMENT

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



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

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

TRANSPARENCY

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

ADDITIONAL MATTERS

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate 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 the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, applicable management, and the District School Board of Orange County, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.



Orlando, Florida
October 2, 2025

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

SINGLE AUDIT AND OTHER COMPLIANCE REPORTS

JUNE 30, 2025



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**INDEPENDENT AUDITOR'S REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Directors of
Nap Ford Community School, Inc. – Legends Academy

We have audited the financial statements of the governmental activities and each major fund of Nap Ford Community School, Inc. – Legends Academy (the "School"), as of and for the year ended June 30, 2025, and have issued our report thereon dated October 2, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. We have not performed any procedures with respect to the School's audited financial statements subsequent to October 2, 2025. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Matter

As discussed in Note 2 to the schedule of expenditures of federal awards, effective December 29, 2025, the School ceased operations. Our report is not modified with respect to this matter.

BKHM, P.A.

Orlando, Florida
January 22, 2026



**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Grant Period	Expenditures
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / School Breakfast Program	10.553	7/1/2024 - 6/30/2025	\$ 18,373
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / National School Lunch Program	10.555	7/1/2024 - 6/30/2025	139,650
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / School Snack Program	10.555	7/1/2024 - 6/30/2025	<u>4,577</u>
Total Child Nutrition Cluster			162,600
United States Department of Education / Florida Department of Education / Title I Grants to Local Educational Agencies (Title I, Part A)	84.010	7/1/2024 - 6/30/2025	353,210
United States Department of Education / Florida Department of Education / Student Support and Academic Enrichment Program (Title IV, Part A)	84.424A	7/1/2024 - 6/30/2025	7,105
United States Department of Education / Florida Department of Education / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund) (ESSER III)	84.425D	6/1/2021 - 9/30/2024 *	<u>238,383</u>
Total Expenditures of Federal Awards			<u><u>\$ 761,298</u></u>

* Represents COVID-19 funds

See accompanying notes to schedule of expenditures of federal awards.

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

1 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

For fiscal year 2025, the School did not elect to use the 10% de minimis indirect cost rate.

2 SUBSEQUENT EVENTS

Effective December 29, 2025, the School ceased operations. This decision does not affect the amounts reported in the accompanying schedule of expenditures of federal awards for fiscal year 2025.

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

To the Board of Directors of
Nap Ford Community School, Inc. - Legends Academy

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 Nap Ford Community School, Inc. - Legends Academy (the "School"), 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 October 2, 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Orlando, Florida
January 22, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Nap Ford Community School, Inc. - Legends Academy

REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM

Opinion on the Major Federal Program

We have audited Nap Ford Community School, Inc. - Legends Academy's (the "School") 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 the School's major federal program for the year ended June 30, 2025. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

Basis for Opinion on the 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 the major federal program. Our audit does not provide a legal determination of 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.

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 the 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 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. 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.

PURPOSE OF THIS REPORT

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.

BKHM, P.A.

Orlando, Florida
January 22, 2026

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over the major program:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for the major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of the major program:

Assistance Listing Number	Grant Period	Name of Federal Program
84.425D	6/1/2021 – 9/30/2024	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund) (ESSER III)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None

**NAP FORD COMMUNITY SCHOOL, INC.
LEGENDS ACADEMY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.